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UK Chancellor's axe-or-tax dilemma, Page 18

NEWS SUMMARY

GENERAL

Massacre fear as Druzes advance

Street battles and heavy artillery, mortar and rocket bombardments continued around Beirut and in the surrounding hills yesterday as Syrian-backed leftist Druze militias advanced west towards Beirut.

The capture of the Christian held town of Bhamdoun on the road linking Beirut with Damascus by Druze fighters provoked fears in the Lebanese capital that the fighting in the mountains could lead to massacres. The Islamic Druze sect, based in the mountains south-east of Beirut, says 45 of its members have been massacred in the town of Kfarmatta.

Two U.S. marines were killed as rockets, mortars and artillery shells hit Beirut airport. Page 4

Madrid talks endangered

Foreign ministers from 35 countries gathered in Madrid for an East-West meeting turned sour by the alleged Soviet downing of a South Korean airliner. Page 2. In Geneva, Soviet and U.S. negotiators greeted each other cordially at the resumption of the European missile talks.

Soviet Foreign Minister Andrei Gromyko's postponed visit to France will take place on Friday.

Chad fighting

Libyan-supported rebels in Chad were thrown back after their second attack on the government garrison at Oum Chalouba in the north-east of the country. The Government said French troops were not involved.

Afghanistan battle

Nearly 300 people, including more than 50 Soviet soldiers, were killed in a major battle between government forces and moslem insurgents at Herat, Afghanistan's third largest city, western diplomats reported.

Birth control visit

On the eve of the Irish referendum on the insertion of an anti-abortion clause in the constitution, police visited a women's centre in Dublin which has been selling contraceptives for two years and warned that it was breaking the law. Page 3

Paisley claims

Northern Ireland MP the Rev Ian Paisley claimed to have documents revealing plans to set up an Anglo-Irish inter-parliamentary body. Page 3

Gibraltar move

Spain was making a bid yesterday to end its dispute with Britain over the rock colony of Gibraltar when the foreign ministers of the two countries met prior to the European security conference in Madrid. Page 2

Angolan charges

Angola has accused South African regular forces of increasing their direct intervention in Angola in support of anti-government guerrillas.

Peronist solution

Señora Maria Estela Peron has been confirmed as titular head of the Peronists and Señor Italo Luder as the party's presidential candidate in a compromise formula aimed at healing a split in Argentina's major political grouping.

Briefly . . .

British Prime Minister Margaret Thatcher will visit the Netherlands on September 19 and 20 for official talks.

Peru said troops killed 40 Maoist guerrillas in a remote Andean village.

BUSINESS

Germans increase aid to industry

● WEST GERMANY's centre-right Government will make more money available in state subsidies next year, despite repeated vows to cut back. Page 20

● DOLLAR slipped to DM 2.6910 (DM 2.684), FFr 8.100 (FFr 8.0775) and Y266.35 (Y246). It improved slightly to SwFr 2.1847 (SwFr 2.177). Its trade-weighted index was 128.8 (128.1). Page 41

● STERLING closed at $1.499 ($1.5) in London. It fell to DM 4.02 (DM 4.0275), FFr 12.09 (FFr 12.11) and Y368.75 (Y369). It was unchanged at SwFr 3.265. Its trade-weighted index was 85.1 (85.4). In New York sterling closed at $1.4945. Page 41

● LONDON: The FT Industrial Ordinary Index gained 1.3 to close at 714.5. Gilts showed gains of ¼. Report, FT Share Information Service, Pages 35-39

● TOKYO: The Nikkei Dow index put on 2.9 points to reach another record high of 9,255.11. Stock Exchange index fell 0.48 to 682.44. Report Page 31; leading prices, other exchanges Page 34

● WALL STREET: The Dow Jones Index closed up 23.27 at 1,238.72. Report, Page 31; full share listings, Pages 32-34

● GOLD fell $0.75 an ounce in London to finish at $417.625. In New York the Comex September settlement was $412.55 ($416.9). Page 40.

● MITSUBISHI Chemical Industries, Japan's largest chemical company, made an unconsolidated net loss of Y1.08bn ($4.38m) in the six months to July 1983, compared with a profit of Y56m in the corresponding period last year. Page 21

● CITICORP's non-performing loans in its international loan portfolio have jumped 54 per cent to $1.7bn in the first half of this year. Page 20

● SWISS BANKERS association attacked efforts by the Socialist Party to alter radically the tradition of bank secrecy.

● CZECHOSLOVAK industrial production rose 3.2 per cent in the first six months of this year, compared with last year's 1 per cent growth, which was a post-war low.

● LATIN AMERICAN finance ministers meeting in Caracas have been told by the U.S. that there is no substitute for tough austerity measures to help overcome the region's $300bn foreign debts.

● BRAZIL's revised letter of intent to the International Monetary Fund is still being refined and adjusted according to Sr Alfonso Celso Pastore, the country's newly appointed central bank governor.

● MEXICAN Government is to sell its shareholding in Renault de Mexico to the French group, which will then have 92 per cent. Page 21

● NABISCO BRANDS of the U.S. is closing two UK biscuit plants with a loss of more than 1200 jobs. Page 8

● HYSTER, the U.S. forklift truck maker's managers have put a $383m buy-out proposal to the company's shareholders. Page 21

● RECKITT AND COLMAN, the British food and pharmaceuticals group, increased pre-tax profits in the first half of the year to £40.73m ($61.095), compared with £40.73m. Details, Page 24; Lex, Page 20

Western pilots to ban all flights to Soviet Union

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

WESTERN airline pilots are to impose a 60-day ban on all flights between the West and the Soviet Union, in retaliation for the shooting down last week of a Korean Air Lines' 747 with the loss of 269 lives. The ban is to start soon – probably on Friday.

The pilots – more than 57,000 in 67 countries – are deeply angry at what has occurred, and feel strongly that the ban is essential.

Their action will be in addition to any individual government moves to ban Aeroflot flights to and from their countries, such as the 60-day ban announced on Monday by the Canadian Government.

The International Federation of Air Line Pilots' Associations (Ifalpa), after an emergency meeting yesterday at their headquarters near London, said the ban was intended to demonstrate the pilots' "revulsion" at the Soviet Union's action.

The association stated: "This is aimed at demonstrating the outrage of the civil air transport industry and of the whole world at this incident."

The ban will be implemented by individual national pilots' associations who are Ifalpa members, and its effects will be reviewed after 30 days. The British Air Line Pilots' Association intends to implement the ban from this Friday.

The Ifalpa yesterday also demanded guarantees from Moscow of no further similar incidents. If such guarantees were not forthcoming, "additional action" would be taken, said the international body. There are 17 countries in Ifalpa with direct flights to the Soviet Union, and all are expected to implement the ban.

Many other Ifalpa members are expected to follow suit, especially if they have given Aeroflot overflying rights.

Although Aeroflot is understood to carry more than 100m passengers a year, the vast majority are carried within the Soviet Union. *Only a few per cent of the total are* carried on international flights, nevertheless, those passengers are considered politically, militarily and commercially vital to the Soviet Union.

Similarly, there is no precise measure of the number of Western passengers to the Soviet Union. Again, the number is comparatively small, although it is considered highly important to that country.

Apart from the action by the pilots and by individual governments, the South Korean Government yesterday formally requested a special meeting of the Council of the International Civil Aviation Organisation (ICAO) – the aviation agency of the United Nations – on September 15 in Montreal to consider the shooting down of the 747, and subsequent ICAO action.

The 151-nation ICAO, of which the Soviet Union is a member, was set up under an international convention in Chicago in 1948. It has no formal powers to impose sanctions or demand compensation, but it could strongly condemn the Soviet action.

Even if individual governments take no action, the pilots' ban can still effectively block civil aviation links between the Soviet Union and most of the West.

There was mounting support yesterday for an airline pilots' total ban on civil airline flights to and from the Soviet Union. Expressions of support for any Ifalpa action came from the U.S., Canada, the UK, Norway, Sweden and Denmark. Many other pilots' bodies privately expressed their readiness to support any Ifalpa move.

The Ifalpa has members in virtually every Western country to which Aeroflot flies, they can be expected to follow any recommendation and suspend all operations to the Soviet Union.

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MOSCOW ADMITS 'STOPPING' 747

The Soviet Union virtually admitted yesterday that it shot down the South Korean airliner in its airspace last week, saying one of its fighter pilots carried out a command from ground control to "stop" the flight. In Washington, the White House spokesman, Mr Larry Speakes, fuelled the row further when he said that the airliner may have been over international waters when it was shot down. A Soviet Government statement said the aircraft had ignored warning shots fired at it by the fighter, adding that the move to stop the aircraft conformed with Soviet law. It rejected U.S. allegations that the pilot knew he had a civilian airliner in his sights. The Soviet military decided the airliner was on a spying mission after its radio control services picked up coded signals resembling those used to transmit intelligence, the statement said. The UN Security Council viewed a U.S.-presented videotape purporting to show how the incident occurred, and the U.S. ambassador, Mrs Jeane Kirkpatrick, again accused the Kremlin of lying. The tape contained the voices of Soviet fighter pilots. World reaction, Page 6

CAP 'will run out of money in six weeks'

BY JOHN WYLES IN BRUSSELS

THE EEC budget contains enough money to finance current agricultural spending only for the next six weeks, the 14 members of the European Commission will be told when they gather in Brussels today for their first meeting of the autumn.

A continued surge in spending on the Common Agricultural Policy (CAP) during August has pushed outlays 40 per cent above last year's levels to a total of 12.06bn European currency units ($10.2bn).

This leaves a slender 1.523bn Ecu available for the rest of the year, unless the European Parliament quickly approves a supplementary budget funnelling another 1.76bn Ecu into CAP coffers.

The parliament is playing a waiting game, which could yet plunge the Community into a cash flow crisis, even if there seems little doubt that it will eventually pass the supplementary allocation agreed by the Council of Ministers in June.

Parliamentary discussion of the supplementary budget has been postponed until October. Officials are warning that any further delay could severely disrupt the functioning of the CAP.

They generally discount suggestions that recent increases in world commodity prices for cereals and sugar and expected increases for animal feeds could remove the enormous financial squeeze on the CAP.

Rises in world prices cut the size of the subsidies needed to export the CAP's surpluses, but according to the Commission recent increases have come too late and are too limited to certain commodities to halt the explosion in costs.

The main impact of world price trends is to open the prospect of keeping CAP spending this year within the new limit set by the supplementary budget, officials say. When the Commission tabled it in the summer, there was little faith that the extra allocation to the CAP would suffice.

But there was no possibility then or now of boosting what would be a total outlay of 15.81bn Ecu on agriculture, because overall spending this year has been carried to within 54m Ecu of the EEC's total available budget income.

The question now intriguing officials and diplomats is whether world market trends will take some of the political and psychological pressure off the intensive negotiations now under way among the

Continued on Page 20

France will impose new surtax on high incomes

BY DAVID HOUSEGO IN PARIS

FRANCE is to introduce a progressive surtax on higher incomes, M Pierre Mauroy, the Prime Minister, confirmed yesterday as he announced that the Government had taken final decisions on the details of next year's budget.

The budget is to be put before the Cabinet next Wednesday for final ratification. But the Prime Minister's statement that only minor items have been left outstanding puts an end to two months of squabbling among the Government and the Socialists as to where the balance of cuts in taxation and expenditure should lie.

In this dispute, M Jacques Delors, the Finance Minister, has been pressing for reductions in spending on the ground that marginal tax rates in France on higher incomes risk being discouraging. He has argued that, should an economic recovery falter next year, expenditures would continue to rise but the Government would have no further leeway to raise tax levels within still acceptable limits.

Both the Prime Minister and the leaders of the Socialist Party have opposed further expenditure cuts and argued that in a time of recession an increasing tax burden must fall on wealth and high incomes. M Mauroy said yesterday that it was normal in a crisis that those on higher incomes should pay more.

The new "exceptional" surtax will be levied on those already paying more than FFr 20,000 ($2.475) in taxes. It will replace an equally "exceptional tax" introduced in 1982 which taxed those paying more than FFr 28,000 an additional 7 per cent of their tax bill.

The new threshold is believed to be between 5 and 10 per cent and seems likely to raise the marginal rate of income tax to about 70 per cent.

The surtax measure is intended to help plug a FFr 40bn shortfall in the budget and social security deficits.

The Prime Minister confirmed yesterday that the 1 per cent additional levy on income tax, introduced in March as part of the post-devaluation measures, would be continued next year. That, with a further increase in wage earners' social security contributions, is expected to raise about FFr 20bn.

According to some press reports yesterday, a compromise between M Delors and the Prime Minister's office has resulted in additional spending cuts of about FFr 3bn in transport, agricultural and other public works projects. M Delors had been seeking FFr 11bn.

The Prime Minister ruled out an increase in value-added tax because of the impact on inflation. The budget is believed, however, to include an increase in death duties.

Industry does not seem to have secured an easing of its corporate tax burden. Officials confirmed that fixed working capital would not be included in calculations for wealth tax purposes, as employers had feared. But industry seems unlikely to obtain the easing of the *"taxe professionnelle"* – a type of payroll tax – nor the introduction of a "carry back" system enabling profits to be offset against losses in previous years.

M Yvon Gattaz, head of the employers' federation, called again yesterday for a reduction in the corporate tax burden, "total freedom of pricing" and more flexibility in laying off workers.

The budget's central goal is to maintain the deficit within the 3 per cent target established by President François Mitterrand – representing about FFr 125bn next year.

UK to squeeze public services

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

BRITAIN's public services will be subject to a major squeeze during the next four years, according to Mr Nigel Lawson, Chancellor of the Exchequer.

Mr Lawson says in an interview with the Financial Times [Details, Page 18] that he might well have to raise taxes during the period if public spending were allowed to grow at the rate which was now generally expected.

To prevent this, and to leave some "headroom" for a reduction in taxes, Mr Lawson intends to keep the overall level of public spending unchanged in real terms.

Britain's Conservative Government is committed, however, to raise the real level of defence spending. Moreover, as the number of old age pensioners increases, the cost of health care and pensions will rise even if entitlements do not improve.

Mr Lawson's objective thus implies that the Government will have to make severe cuts in other parts of the public sector. It will also have to make extremely difficult political decisions about the future of the health service and defence commitments.

Mr Lawson conceded that the public expenditure trends posed an "acute problem" which required a wide-ranging public debate.

He said the essence of this problem was that the expected rate of growth of the economy over the period would be incompatible with the public's expectations for the expansion of services.

He singled out the defence budget and the health and social security budgets as posing the most acute difficulties.

He added: "There is a tendency in almost every area of public expenditure for the pressure for increase to be very considerable."

During the last five years, the Government's finances have been cushioned against the effect of recession and rising unemployment by the windfall of North Sea oil taxes. These contributed £8bn ($12bn) to public coffers last year – roughly equal to the total cost of the rise in unemployment since 1979, when the Conservatives came to power.

The Treasury is expecting only a slow increase in North Sea oil revenues from now on, however, so that the link between tax rates and levels of public expenditure will be much more sharply felt in future.

Mr Lawson made clear that he was not prepared to consider any substantial rise in government borrowing as a way out of the dilemma. He said that continued downward pressure on inflation would be needed. To this end, the Government intended to stick to the essentials of the medium-term financial strategy, which calls for a steady reduction in public borrowing as a percentage of national output.

Interview, Page 18; Monetary growth eases, Page 8

Lloyd's chairman to resign

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

SIR PETER GREEN is to stand down as chairman of the Lloyd's insurance market at the end of this year and leave the Lloyd's ruling council. The surprise decision was described by one council member as "a bombshell."

Sir Peter Green is the longest serving post-war chairman of Lloyd's, having held the post for nearly four years. In his announcement to the market yesterday, he said that the period "has perhaps been one of the busiest periods a chairman has ever faced. I have been unable to give other than the minimum of attention to my own business and none to my personal affairs or home life."

Sir Peter Green has chaired Lloyd's during the most troubled period in its nearly 300-year history. After a wave of scandals last autumn involving allegations that market professionals had misappropriated more than $100m of Lloyds underwriting members funds, the Bank of England intervened and asked Mr Ian Hay Davison, a senior accountant with Arthur Andersen, to become chief executive of the Lloyd's insurance market.

Sir Peter discussed his departure with the Governor of the Bank of England, Mr Robin Leigh-Pemberton, in the last few weeks and his plans to return to running the Jansen Green underwriting agency which forms part of the Hogg Robinson Group, one of the largest firms of insurance brokers at Lloyd's.

Sir Peter yesterday said that he intended to step down at the end of 1982 but the prolonged passage of Lloyd's legislation in Parliament, which has provided the most extensive overhaul of Lloyd's self-regulatory mechanisms in Lloyd's history, meant that he was not able to retire as planned.

The race for chairman is now on in the market. Mr Frank Barber and Mr Brian Brennan, two deputy chairman of Lloyd's, have indicated privately that they are not willing to stand.

The underwriter most tipped to become the next chairman of Lloyd's is Mr Murray Lawrence, head of the underwriting interests in Bowring, part of Marsh & McLennan, who is standing for election to the Lloyd's ruling body.

He has held the position of deputy chairman but had to retire by rotation from the Lloyd's executive committee under Lloyd's rules.

Background, Page 8

CONTENTS

Detente initiatives in danger at Madrid talks

BY DAVID WHITE IN MADRID

THE WEST'S anger with the Soviet Union over the downing of a South Korean Boeing 747 last week is expected to eclipse hard-won détente initiatives at a Foreign Ministers' meeting of Nato, Warsaw Pact and neutral European countries starting in Madrid today.

Ministers from the main countries participating in the Conference on Security and Co-operation in Europe (CSCE) gathered in Madrid last night. Mr Andrei Gromyko, the Soviet Foreign Minister, was due to arrive in the early evening.

The 16 Nato representatives, including Mr George Shultz, the U.S. Secretary of State, are to hold a breakfast meeting this morning before the conference, which is due to be addressed by Ministers from all 35 CSCE states.

A lunchtime meeting between Mr Shultz and Mr Gromyko, dominated by the aircraft attack, is scheduled for tomorrow.

However, the Soviet Minister, who is to speak at the conference this afternoon, will face earlier attacks from other Western Ministers.

Nato ministers due to take the floor today, including Sir Geoffrey Howe, Britain's Foreign Secretary, West Germany's Herr Hans-Dietrich Genscher, Spain's Sr Fernando Moran and the Canadian Deputy Foreign Minister, Mr Jean-Luc Pepin, are all expected to bring the issue to the fore.

The meeting was originally called to endorse the progress on détente — including sensitive humane rights issues — made during almost three years of difficult negotiations at the CSCE talks here.

Spain took the initiative of inviting the Ministers when Malta held up the final consensus on the conference's concluding document.

Delegations were working towards a last-minute compromise yesterday with Malta's demands on Mediterranean security, which had been the only subject of discussion since the other states agreed on the document in July.

Malta's vote was required in order to give official status to the Foreign Ministers' meeting as part of the CSCE process.

The neutral and non-aligned countries, to which Malta belongs, proposed to add to the conference chairman's closing statement a simple pledge of support for initiatives on Mediterreanean security "when appropriate." This would not form part of the official conference documents.

Mr Alexander Trigona, the Maltese Foreign Minister, had indicated he would not take part in this week's meeting unless the argument were resolved.

Mr Andrei Gromyko

Yugoslavia set to sign $2bn loan package

By Peter Montagnon, Euromarkets Correspondent

YUGOSLAVIA is now formally set to start signing its $2bn (£1.3bn) rescheduling and new loan package from international banks in New York on Friday.

The final decision to go ahead was taken yesterday by Manufacturers Hanover which has been co-ordinating the operation, and followed confirmation from creditor banks that the full $600m in new money sought by Yugoslavia has been committed.

The long-awaited loan signing will be a highly intricate process involving more than 30,000 documents and will take a month to complete, so that Yugoslavia will still have to wait until early October to receive the first $450m tranche of new money.

Paper work for the rescheduling has been complicated by the large number of individual Yugoslav borrowers whose debts have been caught up in the process.

A team of lawyers and accountants will travel to eight financial centres, mostly in Europe and the U.S. for the signing ceremonies, which will involve some 540 banks. The London signing is expected to take place on September 29.

Although the full $600m in new loans has now been committed by the banking community, about six banks have yet to reply to the Yugoslav proposals which also include deferring repayment of some $1.4bn in maturing debt for five years.

Banks that have not replied are still being pressed to chip in with additional money. When they do so, the contributions of other creditors will be scaled down

Pensions move upsets Italy's civil servants

BY JAMES BUXTON IN ROME

ITALIAN civil servants are anxiously checking whether they still have time to take advantage of the extraordinarily generous early retirement provisions the state offers them, amid signs that the new Government intends a serious reform of the pension system.

Tomorrow Sig Gianni De Michelis, the Socialist Minister of Labour, is to meet the leaders of the three main unions to discuss the Government's proposed reforms.

Almost everyone is agreed that some measures are necessary, partly because the present system is already costing the state far more than it can afford, and partly because it is, by common consent, both chaotic and unjust.

The Government reform package, which Sig De Michelis would like to present to Parliament at the end of next month, would be aimed both at containing the cost of the system in the medium term and making a start on removing the anomalies caused by existence of 26 separate state pension organisations with differing rules for different types of worker.

Pension officials have tried to emphasise that major changes will only come gradually. But male civil servants are very worried that they may lose their right to retire on a good pension after only 19 and a half years of service, and female civil servants after 14 and a half years.

Earlier this year, the Italian Press discovered a woman who, by taking advantage of extra concessions, was already drawing a retirement pension at the age of 29.

The consequence of this generosity is that INPS, the state organisation responsible for about two-thirds of Italian recipients of retirement and disability pensions, expects a deficit this year of L12,300bn (£5.1bn) and one of L18,000bn next year.

Its accumulated deficit will reach L51,000bn next year if nothing is done, placing an appalling burden on a Government trying to find ways of holding down its deficit this year to about L80,000bn—around 15 per cent of Gross Domestic Product.

Out of Italy's 13m pensioners, 5m are paid disability pensions, widely considered in many cases merely a reward for votes given to politicians.

On the other hand, many people to whom pensions are due have difficulty getting them paid and very old pensioners, often in their 90s, have been asked to present themselves at Government offices to prove that they are still alive.

The Government wants as a first step to reintroduce two unpopular decrees correcting anomalies in the indexation of pensions and cutting the level of invalidity pensions for those with reasonable incomes.

Then it wants to try to make more homogeneous the different retirement ages for different categories with a view to eventually raising the retirement age to 65.

The unions accept that some reform of the system is essential, but may be wary of making concessions.

Storm over French opposition's poll links with National Front

BY DAVID HOUSEGO IN PARIS

A MAJOR political controversy is blowing up in France over the decision of the main opposition parties to join forces with the extremist right-wing National Front which is campaigning on racial issues, to ensure victory in the second round run-off on Sunday of a municipal election contest near Paris.

The decision means that the election contest at Dreux, where immigrants account for about a quarter of the population, is now liable to focus almost exclusively on racial issues.

Mme Simone Veil, a former Minister under President Giscard d'Estaing and one of the most respected figures in the opposition, said yesterday that the agreement should not have been made. She declared that if she was voting at Dreux on Sunday she would abstain.

The agreement to join forces followed the unexpectedly strong showing in the first round last Sunday of the National Front candidate, M Jean Stirbois. He polled 16.7 per cent of the vote or the highest that the Front has scored in an election in France.

His success is seen as reflecting the growing racial tensions in France and a dangerous warning of a pattern that could evolve in other large towns such as Paris, Lyon and Marseilles, which have sizable immigrant communities.

In alliance with the National Front, the main opposition parties, who polled 42.6 per cent of the vote on Sunday, should have no difficulty in wresting the town from the Left which has held it for the past seven years. The alliance was decided at local level but has the backing of the neo-Gaullist RPR and centrist UDF headquarters.

The stand taken by Mme Veil is deeply embarrassing to the opposition leaders because of the respect in which she is held. The opposition parties had contemplated asking her to head their list of candidates for the European elections this year.

M Pierre Mauroy, the Prime Minister yesterday called her position "courageous" and called on M Raymond Barre, the former Prime Minister and M Jacques Chirac, the Mayor of Paris, to make their positions clear. M Chirac has up to now avoided alliances with the National Front.

At the same time, M George Marchais, the Communist leader, took the unusual step of issuing a statement yesterday calling on the voters of Dreux to spurn a list in which the National Front was represented.

For the Communists a major worry is that the National Front is biting into their own working-class support. Before the 1981 Presidential elections, the Communists themselves played on anti-immigrant sentiments.

The Front's success at Dreux owes much to the charismatic character of its young candidate M Stirbois who is also the party's deputy leader. The Front has widely distributed tracts in Dreux with such slogans as "Two million unemployed. Two million immigrant workers".

Another opposition leader, M Oliver Stirn of the pro-Giscard UDF, also said that the opposition had made a "great mistake" in linking up with the extreme Right.

Like Mme Veil, he said that if he was a voter at Dreux he would abstain. The election has been caused by the annulment of last March's results.

The controversy comes only a week after the government took new measures to control illegal immigration.

Lisbon plans gold reserves sale

BY DIANA SMITH IN LISBON

PORTUGAL is likely to sell some of its gold reserves to repay a $300m (£200m) short-term Bank for International Settlements (BIS) loan for which gold was offered as security.

A similar loan for $400m taken in March was settled by the sale of 30 tonnes of gold from the 687-tonne reserves. At the beginning of the year, the value of these reserves was estimated at about $9bn.

Thanks to successful negotiation of IMF funds the Portuguese authorities believe they will not need to return to the BIS this year for more short-term gold-linked funds.

It is understood that while Portugal's financial position has improved since earlier this year after squeezes on short-term public sector borrowing and dampening of private consumption, the authorities had anticipated the need to use gold to repay the second BIS operation.

The Bank of Portugal has permission to sell up to 50 tonnes of gold this year if necessary, to cover obligations.

Having sold 30 tonnes in June, the bank has the right to sell another 20 tonnes. It would prefer not to dispose of it all. But the real upsurge in reserves will only begin in October when the International Monetary Fund (IMF) delivers the first tranche of SDR 89m (£54m) to which Portugal is entitled under the $480m 18-month standby agreement negotiated in August.

This agreement, which binds Portugal to a strict austerity programme, also brings $200m-$250m of Compensatory Financing Facility funds to cover export losses in 1981.

Once the IMF agreement is formally signed in a few weeks' time, Portugal will return to the medium-term market for the first time in months to negotiate a new Republic of Portugal loan.

Gibraltar talks 'constructive'

BY DAVID WHITE IN MADRID

BRITAIN and Spain failed to move any closer over the Gibraltar issue in talks in Madrid yesterday, but both sides emphasised an improved climate of "understanding."

Sir Geoffrey Howe, the UK Foreign Secretary, agreed to meet Sr Fernando Moran, the Spanish Foreign Minister, again at the United Nations in New York before the end of the month.

Sr Moran made clear that Spain wanted certain "corrections and adjustments" to the 1980 Lisbon Statement covering the lifting of Spanish frontier restrictions and unconditional negotiations on the Rock's future.

However, British officials said no agreement had been reached over the possibility of changes to the Lisbon pact, of which the two sides have differing interpretations.

They added that it was "very premature to start talking in terms of a deal" – such as the ending of Spain's remaining border restrictions in exchange for the granting of EEC status for Spaniards in Gibraltar.

"We're at a very, very early stage of exploratory discussions," they said.

Yesterday's three-hour meeting was the first Sir Geoffrey had had with his Spanish opposite number since becoming Foreign Secretary. The importance given to the visit is underlined by meetings which Sir Geoffrey is due to have with King Juan Carlos and Prime Minister Felipe Gonzalez today.

Spanish officials said there was "no magic formula" for solving the Gibraltar problem, but that there were "some small possibilities for progress." They said the atmosphere was "tremendously cordial and extraordinarily constructive."

The talks also covered the Foreign Ministers' meeting at the close of the Madrid security conference, which starts today; East-West relations; Spain's EEC membership negotiations; and its uncertain future in Nato.

Share ban continues on Kinevik and Fagersta

BY DAVID BROWN IN STOCKHOLM

AUTHORITIES at the Stockholm bourse decided late yesterday to prolong indefinitely a ban on the trading of shares in the Kinnevik investment group and the Fagersta steel company.

Fagersta has been seeking to take over Kinnevik, its parent company, since the start of August. Both companies are connected by a series of interlocking family interests.

Trading was suspended last Friday when a Kinnevik auditor, Mr Knut Randy, asked that the deal be stopped and disclaimed his supposed approval of a prospectus sent to Kinnevik shareholders whose interests Fagersta is seeking to acquire. Mr Randy, who said he had not signed the prospectus, asked the Swedish police on Monday to investigate the possibility of criminal wrongdoing.

The stock exchange said yesterday that certain information contained in the prospectus was misleading, and banned trading pending clarification from the Fagersta management.

The takeover bid was initiated by a consortium formed by parts of the three families which controlled Kinnevik. It revealed on August 2 that it had sold its shares in Kinnevik to Fagersta, and at the same time acquired a 60 per cent voting majority in the latter company. Remaining Kinnevik shareholders were invited in the prospectus to exchange their shares for various convertibles and subordinated loans in Fagersta.

The bid is seen as a family power struggle with Mr Jan Stenbeck leading the takeover consortium against the opposition of his two sisters, who are also major shareholders in Kinnevik.

Fagersta lost SKr 20m ($2.5m) last year on sales of SKr 2.1bn, with losses mainly coming from steel operations.

Dublin to ease removal of limited liability

By Brendan Keenan in Dublin

THE IRISH Government is to amend company law "as a matter of priority" to restrict the freedom of directors of bankrupt companies to establish new firms.

The legislation will be put before the Dail as soon as possible and the main thrust will be to make directors personally liable in certain circumstances for the debts of their companies.

At present, there is nothing to prevent the director of a bankrupt company setting up in business again and there have been several publicised instances of this in Ireland.

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Ireland votes today on controversial abortion amendment

DUBLIN – Ireland votes today in a referendum on whether to write into the constitution an anti-abortion amendment that has been branded unnecessary, sectarian and divisive.

Abortion is already illegal in the predominantly Catholic country and the amendment seeks to enshrine the ban in Ireland's 1937 constitution and put it beyond the reach of the courts.

Latest opinion polls indicate that the country's 2.3m voters will approve the amendment by a two-thirds majority.

The referendum campaign has been long and acrimonious, dividing political parties, families and generations. The "pro-life amendment campaign" was started two years ago by a small conservative pressure group alarmed by courts in other countries overturning anti-abortion legislation. By writing an abortion ban into the constitution, it can be overturned only by holding a referendum.

The organisers, backed by the Catholic Church, feel this would put the issue out of reach of Irish courts if they had to rule in the future on the legality of legislation outlawing abortion.

The amendment has been sharply criticised as unnecessary and sectarian by many, including the minority Protestant Church, which branded it an invasion of the right to free choice.

The head of the Jewish community, Rabbi David Rosen, has called the amendment "politically hypocritical, socially divisive, morally questionable and economically irresponsible."

The amendment has also been attacked by leading lawyers who say it could actually have the effect of making abortion easier; by doctors who fear it could put at risk the life of an expectant mother; and by family planning clinics who say it will make some forms of contraception illegal.

Prime Minister Garret FitzGerald went on television this week to announce he would vote against it. Opposition leader Charles Haughey has come out strongly in support of it.

Mr FitzGerald's deputy and coalition partner Dick Spring, leader of the Labour Party, urged people to reject the amendment, which he said would enshrine "an attitude to women which borders on contempt."

The amendment reads: "The state acknowledges the right to life of the unborn and, with due regard to the equal right to life of the mother, guarantees in its laws to protect, and, as far as practicable, by its laws to defend and vindicate that right."

Reuter

Doubts over Paisley's cross-border claims

BY BRENDAN KEENAN IN DUBLIN

THE Reverend Ian Paisley has claimed that he has documents which reveal plans to establish an Anglo-Irish inter-parliamentary body and that a whole range of subjects, from energy to sport, are to be developed along cross-border lines.

Mr Paisley, a Northern Ireland MP, says these subjects will be discussed at a summit meeting in November, between Mrs Margaret Thatcher, the UK Prime Minister, and Dr. Garret FitzGerald, the Irish Premier.

Officials in Dublin were sceptical about Mr Paisley's claims, and believe he may have acquired normal Civil Service discussion documents which would be drawn up in advance of any summit meeting. A Northern Ireland Office spokesman said they had always believed that cross-border co-operation benefited both Northern Ireland and the Republic, but in no way compromised Northern Ireland's constitutional position.

Mr Paisley claimed there was a plan to "blur and eventually erase" the border between Northern Ireland and the Republic. He complained particularly about what he said was a proposal to give voting rights to citizens of the Irish Republic living in Northern Ireland.

Official sources concede that a November meeting between Mrs Thatcher and Dr FitzGerald is likely, although no definite date has been fixed. But Dublin sources were doubtful that anything as sweeping as Mr Paisley's claims would emerge from it.

Russia and U.S. resume missile curb talks

By Bridget Bloom, Defence Correspondent

THE U.S. and the Soviet Union yesterday resumed their negotiations to limit nuclear missiles in Europe despite the East-West crisis over the mid-air destruction of the Korean jetliner.

Mr Paul Nitze, the chief U.S. negotiator, met his Soviet counterpart, Mr Yuli Kvitsinsky, at the Soviet mission in Geneva yesterday for the first session in the last crucial round of talks before Nato's December deadline for starting deployment of new U.S. missiles in Europe.

As usual, neither negotiator would discuss the substance of the talks nor comment on the prospects for progress over the next few weeks.

After nearly two years of talks, the two sides are still far apart and observers believe that the current crisis will further set back chances of real movement in the current session.

Moscow's offer last month to destroy some of its new SS20 missiles in the context of an arms agreement has been described as a limited step in the right direction by Mr Nitze.

But Moscow's condition is that the U.S. should not deploy any of its new cruise and Pershing missiles, which is unacceptable to Washington.

The U.S. and its Nato allies also rejects Moscow's contention that 162 British and French nuclear missiles should be counted into the balance enshrined in any agreement.

The current round of talks is likely to last until December, when deployment of the initial cruise and Pershing 2 missiles in Britain and Germany is due. Nato expects the talks to continue in the New Year even if deployment has begun.

Belgian jobless rate eases

BRUSSELS — Belgium's jobless rate which rose to a record 12.4 per cent in mid-August, eased to 12.3 per cent at the end of last month matching July's rate, the Government said yesterday.

The number of jobless dropped by 400 from the end of July — and by 4,400 from mid-August—to 510,500, the Labour Office said. Unemployment stood at 457,000, or 11 per cent at the end of August 1982.

AP

Industrial shake-out concerns unions, **Paul Cheeseright** reports from Brussels

Exporters lead Belgium's patchy recovery

ONCE UPON a time, Belgium was the economic laughing stock of Europe, bloated by prosperity but earning too little and paying itself too much.

Foreign debts spiralled as a series of fractious and short-lived coalitions repeatedly failed to address the country's deep-seated economic ills.

But no longer. The centre-right Government of Prime Minister Wilfried Martens gives the impression of having a grip, of turning its back on eight years of drift.

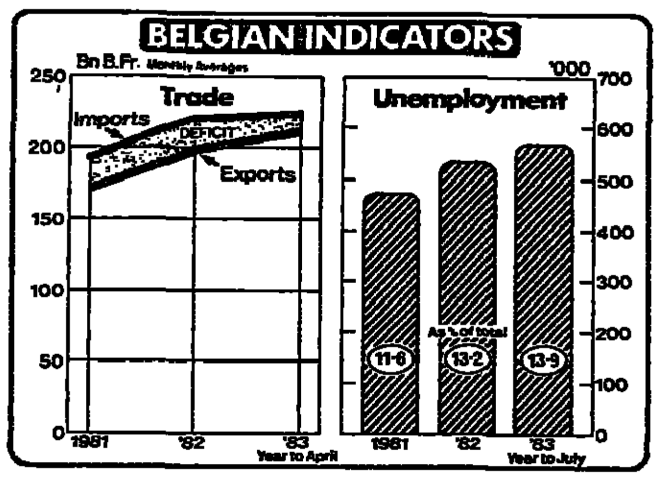
Recovery has become a catch-word in parts of the business community. The Government's policies even have the carefully qualified approval of the Organisation for Economic Co-operation and Development.

In a sense this is just an impression. Some indicators tell a sorry tale about the economy, and there is certainly no consensus within Belgium that recovery is taking place.

Business confidence arises less from what the Government has done than the fact that it clearly intends to do something. Although subject to the usual squalls that bedevil Brussels politics, the coalition has already survived a healthy term by Belgian standards, and some observers are predicting it will stay its full course until 1985.

Mr Daniel Janssen, Chairman of the Federation of Belgian Enterprises, the employers' organisation, said during the summer: "After the very dark years from 1973 to 1981, I believe that Belgium has made a major turnaround since 1982."

The failure to echo his optimism elsewhere in the country is conspicuous. Mr Guy Spitaels, President of the opposition Socialist Party, said last month that the Government's policies had "dragged the country towards deflation with all the consequences that implies."



Trade union leaders are also expressing concern about a continuing shakeout in industry and services.

Despite its sweeping constitutional powers, the Government has only limited freedom of manoeuvre owing in part to the fact that much policy management takes place by fixing between the parties, outside the formal process of government.

This is complicated beyond measure by the division of the coalition partners, the Christian Democrats and Liberals, into Flemish and Walloon wings, reflecting Belgium's linguistic split. The four coalition parties reflect the strengths and weaknesses of the communities they arise from:

- Wallonia, French-speaking, once the base of national wealth but now on the defensive with industries like steel in deep decline.
- Flanders, Dutch-speaking, with a majority of the population and the lion's share of gross national product, increasingly eager to attract the greater part of government spending.

These factors mingle so that the Government moves back one step for every two it takes forward; for example, in the frequent need to match subsidies to loss-making Walloon industries with a grant to Flanders.

Projected onto the economy, this means that recovery is at best finely poised. Companies are helped in one way but held back in another. The Government has focused its efforts on improving the competitiveness of Belgian industry.

In February last year, it boosted the position of its companies on international markets by devaluing the franc by 8.5 per cent within the European Monetary System. Then it sought to offset the inflationary effects of this by cutting into the prevailing system of wage indexation and using special powers to hold wages down until the end of 1984. All the same, prices are still rising at an annual rate of 7.9 per cent.

Extra help for companies came through a cut in corporation tax to 45 from 52 per cent. Tax breaks were offered to encourage the raising of new capital.

The Brussels Bourse loved it: the value of shares rose 90 per cent between June 1981 and June 1983. Confidence was also expressed in a relatively high level of investment. Against the international trend, investment in processing industry last year was running 6 per cent above its 1981 level.

The results of the policy geared to competitiveness have shown up in the trade balance. In the first five months of this year exports from the Belgo-Luxembourg Economic Union were BFrs 1068.4bn (£13.29bn) against BFrs 948.9bn in the same period of 1982. By the first five months of 1983 the trade deficit was almost halved to BFrs 87bn. But the increase in exports has not been accompanied by a resurgence of activity at home. According to Dun and Bradstreet, the American business information company, there were 19.4 per cent more bankruptcies last June than in June 1982.

Kredietbank's industrial activity index, including the depressed building sector, is bumping along at a low level, while consumer demand, measured through VAT receipts, has started to climb only this year after falling sharply in the last three quarters of 1982.

With the gross national product falling 0.9 per cent last year and likely to fall this year by roughly the same amount, the Government has so far failed in its efforts to make a dent in the jobless figures. By the end of July the total out of work was 605,200, or 14.8 per cent, a level topped in the EEC only by Ireland.

The figure may drop over the coming months as Government plans to increase corporate workforces by 3 per cent under work-sharing schemes take effect—there are financial penalties for companies not achieving the target.

But the high level underlines the concern of Mr Spitaels and the unions, especially as the Government is seeking, again with limited results, to reduce the size of the public sector deficit.

The August budget showed that next year the Government will have to finance a deficit of BFr 503.2bn, equivalent to 11.5 per cent of GNP. It aims to reduce the deficit to a more manageable [illegible] per cent by 1985.

Although the rate of increase in the deficit has slowed, the very fact that it is still increasing worries and angers the Federation of Belgian Enterprises—financing it will keep interest rates high, curb expansion and the possibilities of more jobs.

The level of Government spending will remain a key issue and it seems likely that the Government will simply keep nibbling away at parts of the budget, dismaying Mr Janssen for not taking a big enough bite and dismaying Mr Spitaels for touching it at all.

It would make a world of difference if there was a sustained move towards international economic growth. Over half the Belgian GNP is tied up in trade, and the Government's austerity programme would be more palatable internally if export-led recovery could turn into export-led expansion.

Shell sees new wave of drivers taking to Autobahns

BY JOHN DAVIES IN FRANKFURT

THE "baby boom" in West Germany 20 years ago is expected to help boost car sales in the next few years as a new wave of young motorists takes to the Autobahns.

The number of cars on West German roads is likely to rise by a total of 1.4m during this year and next year, according to projections made by the Shell oil group's German subsidiary.

This compares with an increase of only 800,000 during the two years 1981 and 1982.

Looking to the end of the century, Shell reckons that the number of cars in West Germany will rise to between 28.5m and 29.9m, roughly 5m or 6m more than at present.

Shell's projections are based on the assumption that West Germany's population will continue to decline from the present 61.6m to about 57.5m in the year 2000. However, because of the sharp rise in the birth rate in the mid-1960s, the car-driving population is likely to remain high.

In the next few years, car ownership may be hampered by unemployment, stagnation of incomes and perhaps by a new rise in interest rates, Shell says. But these factors should be outweighed by the change in the structure of the population, with more people reaching the age where they can drive.

In the longer term, Shell speculates that the rate of increase in car ownership may be slowed down by low economic growth, revulsion against the consumer society and anti-machine sentiment.

On the other hand, car ownership may grow more quickly if new technology and new markets lead to an economic transformation, and if people show a positive attitude to working and to economic growth.

Shell suggests that these two scenarios may lead to a rate of car ownership of between 495 and 520 per 1,000 people by the end of the century

Even so, car ownership in the year 2000 will at best have reached the level it attained in the U.S. in 1977, Shell says.

OVERSEAS NEWS

U.S. troops to stay in Beirut

By Reginald Dale in Washington

President Ronald Reagan plans "no change whatsoever" in the status of the 1,200-strong U.S. Marine peace-keeping contingent in Beirut despite the deaths of two more Marines, bringing the total to four in just over a week, the White House said yesterday.

At the same time, the Administration said that its decision to more than double U.S. military strength around Lebanon, announced last Thursday, was intended as a warning to Syria.

Mr Reagan told congressional leaders on Sunday that the U.S. has "laid down a marker" for the Syrians by moving another heavily-armed amphibious task force of 1,900 marines to a position off the Lebanese coast.

Mr Larry Speakes, the White House spokesman, said that the primary responsibility of the off-shore marines, due to arrive from the Indian Ocean later this week, is to provide protection for the Marines already in Beirut. There were no plans for the new force to disembark.

David Lennon writes from Tel Aviv: A senior Phalangist representative, Mr Eli Usta, appealed to Israel yesterday to provide support for the Christian forces in the Chouf mountains.

He met Mr David Kimche, Director-General of the Foreign Ministry, and warned that the Syrians and the PLO were using the Druze to try to reintroduce terrorist control in Beirut.

However, while Israel is keenly watching the situation, it has so far shown no signs of wishing to become embroiled

Druze victory fuels massacre fears

BY PATRICK COCKBURN IN BEIRUT

THE CAPTURE of the Christian-held town of Bhamdoun on the road linking Beirut with Damascus by Druze militiamen has provoked fears in the Lebanese capital that the battles now raging in the mountains will lead to widespread massacres.

The Druze, the powerful Islamic sect, massed in the mountains south-east of Beirut, say that 45 members of their community were massacred in the town of Kfarmatta. A Druze who escaped from the town after *his family was killed said the* Christian militias entered the town on the heels of Lebanese army tanks, lined up people against a wall and machine-gunned them.

The Christian militias, which suffered a major defeat in losing Bhamdoun, say there have been widespread killings in the town but this is unconfirmed. The Druze say the militias suffered 600 casualties and clearly feel that they can gain military control of the Chouf and Aley mountain region in the wake of the Israeli pull-back from the area last Sunday.

The Druze have also stepped up their intermittent artillery bombardment of the international airport where U.S. marines are stationed. Two were killed by a direct hit on a bunker early yesterday morning.

The civil war is still confined to a small, but politically and militarily crucial part of the country, but further massacres might lead other communities in *Lebanon to take up arms.* Emphasising the Druze lack of trust in President Amin Gemayel the only member of their sect who belongs to the Cabinet, the Finance Minister Mr Adel Hamiyeh, yesterday proffered his resignation.

The Lebanese Army has not directly entered the Chouf mountains, but many Druze see *it as acting in* concert with the Christian militiamen. This increases their hostility to Mr Gemayel's Government which the 6,000 strong multinational force is meant to support. The French aircraft carrier Foche and five support vessels arrived off Beirut yesterday to back up the 2,000-member French Contingent.

Some members of the Lebanese Government see certain political advantages in allowing the Christian militas to suffer a heavy defeat in the mountains. Although they were formerly commanded by Mr Bashir Gemayel the assassinated brother of the President, they have scorned his authority and not concealed their belief that he is weak and vacillating. They now feel betrayed that the army has not entered the mountains, allowing them to take the full brunt of the Druze attack.

The danger is that this policy might allow the fighting to degenerate into competitive massacres. The Christian militiamen, more than other Lebanese factions, have always been prone to the widespread killing of civilians. They were responsible for the murder of more than 900 Palestinians at Chatila almost exactly a year ago and many more during the mid '70s civil war.

The Druze are being heavily backed by Syria with arms and equipment. There is no sign of Syrian troops entering the fighting themselves, but Lebanese officials believe Damascus is moving to fill the political vacuum left by the pull-back of the Israelis to a new line on the Awali River.

It is possible that the announcement by Palestinian Liberation Organisation leader Abu Jihad that Palestinian units are to enter the battle may provoke Israeli retaliation, but the PLO's intervention has not been confirmed.

"Everything now depends on Syria," says one Lebanese Army officer. It appears that no agreement with Mr Walid Jumblatt, the Druze leader, can be arranged without the assent of Damascus.

Editorial Comment, Page 20

India's N-plant chief seeks extra cash

BY R. C. MURTHY IN BOMBAY

INDIA'S Atomic Energy Commission (AEC) has redrawn its priorities to give a push to nuclear power generation, said Dr Raja Ramanna, the new AEC chairman.

Dr Ramanna told a Press conference in Bombay that he would seek the Government's commitment for Rs 1.5bn (£974m) to be invested in nuclear power programme over the next six years.

India has adopted pressurised heavy water reactor technology, using natural uranium as fuel and heavy water as coolant.

Such an advance commitment would enable the nuclear power industry to plan its production and help cut costs. He suggested the gestation period for nuclear power project in India could then be brought down from the present 10 years to about seven years.

India has plans for 10,000 mw nuclear power capacity, accounting for 10 per cent of total power installed capacity by the end of the century. The budgeted outlay and the internal cash generation of nuclear power plants in operation should see through the new investment programme.

All the nuclear power projects in the next six years will have standardised 235 mw capacity plants. The commission is examining a cluster approach to locate four of such plants at one site (instead of the present two) to cut infrastructure costs.

The plants' capacity will increase to 500 mw for the projects to be set up after 1990.

India's first fast breeder test reactor, under construction at Kalpakkam, near Madras, and the R5 research reactor at the Bhabha Atomic Research Centre in Bombay would become operational next year, Dr Ramanna stated.

● Wang Shu, China's Ambassador to Vienna, has submitted a formal application for Chinese membership in the International Atomic Energy Agency.

Abe pledge to Chinese on militarism

By Mark Baker in Peking

Mr Shintaro Abe, the *Japanese Foreign Minister*, yesterday pledged that Japan would never become a major military power again or threaten another country.

"There is no militarism in Japan. The Japanese people are all determined not to make war," Mr Abe told a Press conference in the Great Hall of the People at the end of annual consultations between senior Japanese and Chinese officials.

His comments appeared to be an attempt to allay Chinese concern over recent signs that Japan is preparing to upgrade its defence capability in collaboration with the U.S.

Japanese officials confirmed that the issue had been discussed at length during the private meetings and that Mr Abe had given a detailed explanation of Japan's current defence thinking.

Two weeks ago, the official Chinese news agency, Xinhua, published a commentary warning that any rise in militarism in Japan could undermine the strengthening relationship between the two countries.

Asked about the commentary and other Chinese Press reports about Japanese defence, Mr Abe said Japan's commitment to peace was made clear by its constitution "and the history of Japanese diplomacy since the war."

Jet clash spurs Japanese mouse to roar more loudly

BY JUREK MARTIN IN TOKYO

AT 8.30 am local time just half an hour before President Ronald Reagan's address to the U.S. public about sanctions against the Soviet Union, Mr Massharu Gotoda, Japanese Chief Cabinet Secretary, also went on television.

He read verbatim extracts of monitored conversations between Russian pilots and ground control before the Lines jetliner. He then *announced* that Japan would be releasing the tapes to be played at yesterday's meeting of the UN Security Council in New York.

In the afterwath of the KAL incident, Mr Gotoda's initiative has not been the only example of a new-found Japanese assertiveness in international diplomacy.

In both the Security Council and the statements and actions of the Japanese Government, it has been directed against the Soviet Union, an evolution that quietly satisfies Washington and has potentially disturbing connotations for Moscow.

The Japanese Foreign Ministry insists that there has been no sea change in foreign policy, in dealings with the Soviet Union, or in Japan's sense of international responsibility. It recalls that after the invasion of Afghanistan, Japan joined the U.S. in trade sanctions and in boycotting the Moscow Olympics and accepted a burden far greater, it maintains, than *that borne by other members* of the Western alliance, such as France and Britain.

But during the last week the Government of Mr Yasuhiro Nakasone has had an opportunity to practice some of his earlier preachings on the need for Japan to play a more positive role in international affairs. The Prime Minister's active participation at the Williamsburg summit in May in East-West and security exchanges was one practical manifestation, but both the subjects discussed and the location of the meeting were a little remote for the Japanese public to be more than mildly approving. On this occasion, both proximity and a genuine sense of public outrage have lent legitimacy to the Government's actions.

These actions, in the view of one Western defence expert, can only have enhanced Japanese consciousness of the need for a competent and alert self-defence capability. They may even make it easier for Mr Nakasone to ensure that, in a period of budgetary austerity, defence spending continues to grow while domestic outlays are restrained.

It is doubtful, however, that Japan will go so far as to try to change its basic relationship with the Soviet Union. Before the airliner incident, the Tokyo-Moscow temperature hovered between cool and frigid, though there had in the summer been just a hint of a warming trend.

The central bone of contention, disputed claims to the Kuril Islands, remains: Soviet militarisation of the area to the north of *Hokkaido* was a source of concern to Japan even before Mr Nakasone, with his Reaganesque distrust of the Soviet Union, became Prime Minister.

As well as the post-Afghanistan invasion sanctions, Japan had also expelled, for the first time, a Soviet diplomat for alleged industrial espionage earlier this summer. The war of words between the two countries had taken on a more hostile tone.

The Japanese were suspicious of Mr Andropov's recent offer not to relocate in Asia any SS20 missiles removed from Europe but had to concede that it was an improvement on the Soviet leader's reminder to Japan about Hiroshima and Nagasaki, delivered earlier in the year. More hopeful was the plan that trade talks, last held in January, *1981, would be reconvened next* month in the Soviet Union; that the suspended Japan-Soviet film festival looked set for revival; and that the two Foreign Ministers, Mr Abe and Mr Andrei Gromyko would confer in New York during the UN General Assembly session.

Now, according to the Foreign *Ministry, Soviet handling of* the KAL case will have a decisive impact on whether or not a slightly improved change in mood can be sustained. Had Moscow's response so far been more co-operative, the Ministry insists, it would not have released the air traffic control tapes to the UN.

Nobody, however, expects Japan to go out on a limb against the Soviet Union if satisfaction is not forthcoming.

What probably matters most is that Japan has, in the words of a U.S. diplomat, "stepped out front" amid a major international incident with East-West dimensions, and done so with *solid domestic support. When* Mr Nakasone last February sought in Washington to give the country an "unsinkable aircraft carrier" a higher profile in security matters, the Japanese were largely unimpressed. Mr Nakasone eschewed such remarks for a few months and his popularity rose.

His government is not now so restricted by political and public reaction but it is too early to talk of watersheds in the evolution of Japanese foreign policy. It is fair to note however that an awful lot of water is passing under the Japanese bridge which straddles East and West.

New initiatives aimed at solving Tamil problems

BY JOHN ELLIOTT IN NEW DELHI

A NEW ROUND of diplomatic initiatives aimed at finding a political solution to the Sri Lankan ethnic crisis is being launched in New Delhi this week following a meeting on Monday between Mrs Indira Gandhi, the Indian Prime Minister, and Mr A. Amirthalingam, leader of the main Tamil party *in Sri Lanka*, the Tamil United Liberation Front (TULF).

The two discussed the chances of avoiding further outbreaks of violence on the island by persuading the Sri Lankan Government to hold a round table conference of all parties involved. They want Mr Junius Jayawardene, the Sri Lankan President, to offer Tamil communities more *regional autonomy* than had been proposed up to now, preferably within a federal structure.

After the talks, Mr Amirthalingam said his party was still not prepared to settle for ideas, suggested by Mr Jayawardene, to activate district development councils set up in 23 parts of the island.

"We can never accept the district councils as a satisfactory solution. There must be a bigger change," he said.

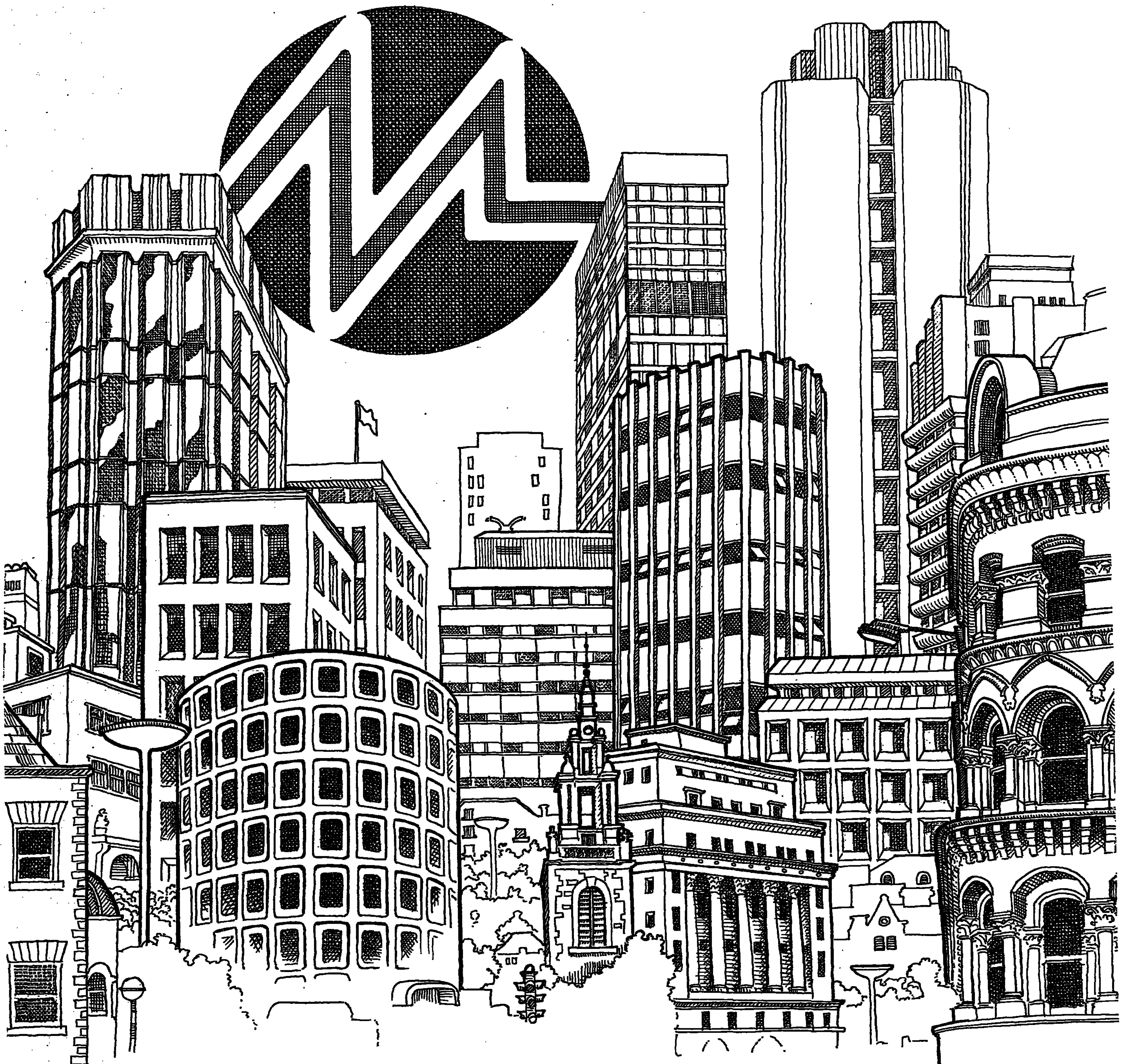
"After all the recent carnage, we cannot go back to our people with just that."

A solution will not easily be found and Mrs Gandhi will have a difficulty to making her influence felt. She has a direct interest in trying to improve the lot of the Tamil minority because of the strong links with the southern Indian state of Tamil Nadu, where she is trying to rebuild her political image in advance of the next general election.

Mrs Gandhi's involvement, however, often seems to be tolerated rather than welcomed by the Sri Lankan Government. Mr Jayawardene said recently in a newspaper interview that India should keep its "hands off," but his outburst has not stopped diplomatic relations.

Mr G. Parthasarathy, Mrs Gandhi's special emissary to Sri Lanka, appointed after the race riots a month ago, returned at the weekend from an eight-day exploratory visit on the island. His departure was marred by an incident which graphically illustrated current tensions. The Sri Lankan censor is reported to have tried to block publication of his final official statement.

At least 18,000 Tamils are still in refugee camps and problems are developing in the north near the town of Jaffna where thousands of Tamils retreated during the riots. So far, however, the Tamil backlash, which had been feared, has not materialised.



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AMERICAN NEWS

FT writers assess world reaction to the shooting down of the South Korean airliner

S. Korea welcomes sanctions by U.S.

SOUTH KOREA yesterday welcomed sanctions announced by President Ronald Reagan against the Soviet Union for the downing of the South Korean airliner Reuter reports from Seoul.

Mr Lee Jin-Hie, Information Minister, said in a statement: "We welcome and support the counter-measures which we regard as appropriate and just."

He said tape recordings of the Soviet fighter pilot's radio messages released by the U.S. and Japan "clearly testified to the Soviet act of crime."

"We urge the Soviet Union to discard its attempts to cover up its act of crime and promptly and faithfully to fulfil the demands made on it by my country and the U.S., Japan and other countries who incurred losses."

● Singapore, Malaysia and Thailand have asked Moscow to postpone indefinitely a planned visit by a Soviet Foreign Ministry delegation because of the shooting down of the South Korean airliner, Chris Sherwell writes from Singapore.

The decision follows the strong condemnation of the incident by each of the five Association of South-East Asian Nations, which embraces Indonesia and the Philippines as well as Singapore, Malaysia and Thailand.

● Mr Bob Hawke, the Australian Premier, yesterday deplored the "monstrous nature" of the shooting down of the jet, and said Australia would dovetail its response to the Soviet Union with that of other countries in the Asia-Pacific region, Michael Thomson Noel writes from Sydney.

Mr Hawke said little would be gained by imposing immediate formal sanctions against Moscow but said the Government would keep its options open, particularly on the trade front.

● The Ditch Government yesterday indefinitely postponed the Netherlands visit of Soviet Vice-Foreign Minister Vladimid Komplektov, to protest at the downing of the South Korean airliner, AP reports from The Hague.

The Dutch government also postponed the visit of Mr Gerrit Braks, its Agriculture Minister, to Moscow,

Greece blocks censure by EEC

BY DAVID TONGE IN ATHENS

GREECE HAS blocked completion of an EEC declaration condemning the Soviet Union for shooting down the South Korean airliner last week.

Senior officials from countries such as Britain, the Netherlands and West Germany, left Athens yesterday infuriated by the Greek Government's refusal to agree to any more than a call for an inquiry into the incident.

The officials had been meeting to prepare for next week's foreign ministers' council in Athens to deal with foreign policy matters.

London and Bonn had pressed for an early denunciation of the Soviet Union by the Community, but when officials met on Monday they were presented with a text by Greece, now in EEC presidency, which avoided any criticism of the Soviet Union.

Greece is keen to see what grounds Moscow has for believing that the Boeing 747 was a U.S. spy plane.

The EEC only works by consensus on foreign policy issues and when Greece refused to change its stand no progress was possible.

The Greek position on the airliner, which has already led to complaints by the U.S. embassy in Athens, threatened to cast yet another shadow over next week's council meeting.

Greece recently caused dismay among its partners by saying it wanted to discuss a proposal to delay deployment of U.S. Pershing 2 and Cruise missiles by six months. The Greeks say this would give a better chance to the arms control negotiations shortly to resume in Geneva.

However, other EEC members say this is an issue for Nato and not the EEC.

John Wyles adds from Brussels: The expectation in Brussels is that the Greek Foreign Minister will make a statement on the South Korean Airline incident on behalf of the EEC's 10 governments at the Conference on Security and Co-operation in Europe.

This is likely to be somewhat milder in tone than the individual condemnations which several EEC Foreign Ministers are expected to deliver at the closing session of the Madrid conference.

As President of the EEC Council of Ministers the Greek Government is bound to reflect the consensus within the Community.

But the Socialist administration's long-standing desire to be more conciliatory to the Soviet Union than many of its EEC partners makes it want to appear publicly reluctant to go along with the common approach.

Moscow condemns 'slanderous attacks'

BY ANTHONY ROBINSON

THE Soviet Union reacted bitterly to President Reagan's "aggressive, hateful speech" to the American people on Monday night and claimed that Soviet anti-aircraft units had "displayed utmost restraint" in not shooting down the South Korean plane earlier over the Kamchatka peninsular.

In the first Soviet reaction to Mr Reagan's speech, Radio Moscow accused him of making "bitter, slanderous attacks against the Soviet Union in a bid to arouse anti-Soviet sentiments in the American nation."

It reported that the President had decided to "cut of negotiations on several bi-lateral arrangements," to "redouble" efforts to cut off Western technology and had "stressed the need to further re-arm America."

Meanwhile the revelation in Tokyo by Mr Masahuru Gotoda, Japanese chief cabinet secretary, that tapes in Japan's possession showed that the Soviet fighter pilot had radioed base to say the South Korean plane had flashed its lights sparked off further recrimination.

According to airline officials flashing navigation lights is the internationally recognised signal that an aircraft is prepared to obey the instructions of a nearby military aircraft.

But a senior Soviet diplomat, counsellor Ishenbai Abdurazakov, subsequently came out of a meeting at the Japanese Foreign Ministry, saying that U.S. and Japanese tape recordings of the Soviet fighter pilot firing at the Korean plane were "fabrications."

Far from admitting guilt over the incident, the Soviet Communist Party newspaper Pravda yesterday accused the Korean plane of "ignoring the possible dangerous consequences of such a provocative flight" over Soviet airspace and said that "Soviet anti-aircraft units displayed utmost restraint."

If their purpose had been to destroy the plane, Pravda said, "they could have done so many times over and with a guarantee, when the plane was flying over Kamchatka, by using anti-aircraft missiles."

Pravda failed to mention that the plane was subsequently shot down by fighters several hundred kilometres further south near Sakhalin Island.

Reagan's response disappoints the Right

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT RONALD REAGAN has disappointed Right-wingers but generally satisfied Congress with his response to the downing of the South Korean airliner.

Speaking in a nationwide television broadcast on Monday night, Mr Reagan chose to balance tough anti-Soviet rhetoric with only limited counter-measures. He plainly believed the incident, as far as Soviet behaviour is concerned, spoke for itself and did not call for a major change in his already hardline approach to East-West relations.

He chose to put the emphasis on "justice, not vengeance," together with "action to see that this never happens again."

It was clear, however, that once he had dismissed major economic political or military sanctions, there was little of any great significance left for him to do.

Conservatives such as Mr Richard Viguerie, the New Right publisher of the Conservative Digest, criticised Mr Reagan's mild measures as "mamby pamby."

Other conservative leaders said he had lost a great opportunity for decisive leadership and let down the American public.

Congressional leaders, both Democrat and Republican, generally agred he had hit the right note—although some Democrats criticised his attempts to exploit the occasion to seek new backing for his arms build-up and his MX intercontinental missile.

Mr Reagan's demands on the Soviet Union—a full account of what happened, an apology, an admission of responsibility and appropriate punishment for those responsible—are to be spelled out when Mr George Shultz, the U.S. State Secretary, meets Mr Andrei Gromyko, his Soviet counterpart, in Madrid tomorrow.

Congressional leaders, meanwhile, were discounting the importance of the revelation that a U.S. RC-135 reconnaissance plane passed close to the South Korean airliner some two hours before it was shot down.

"I'm sorry it was even mentioned," said Mr Robert Byrd, the Senate minority leader.

The flight of the RC-135 "is not pertinent at all to this situation. It has confused the situation, and it need not. The Soviets cannot hind behind it," Mr Byrd said.

Peronists agree leadership compromise

By Jimmy Burns in Buenos Aires

SRA MARIA ESTELA "Isabelita" Peron has been confirmed as titular head of the Peronists and Sr Italo Luder as the party's presidential candidate in a compromise formula aimed at healing a split in Argentina's major political grouping. Sra Peron is still in exile in Madrid, where she has been since 1981.

But the Peronists yesterday appeared to be facing an uphill task in maintaining their political dominance up to the elections on October 30 after emerging deeply scathed by the most controversial convention in the party's 40-year history.

The formula was steamrolled through by a majority of the convention in violation of a pending court order. This questions the presence of certain party officials linked to Sr Hermanio Iglesias, recently nominated as Peronist candidate for the all important goverusbip of Buenos Aires. Sr Iglesias has been accused by his electoral rivals of alleged electoral fraud and being connected with drugs traffic and prostitution.

Yesterday's vote followed the walkout by over 50 supporters of Sra Peron from the 663 delegates attending the convention.

In a parallel development one of Sr Luder's main rivals for the nomination, former Economy Minister Sr Antonio Cafiero, said he would continue his efforts to have the candidacy of Sr Iglesias declared illegal because of alleged electoral flaws.

The majority of the convention backed the chairmanship of Sra Peron on the apparent understanding that she would assume a largely symbolic role within the party and give her full support to Sr Luder.

By yesterday afternoon Argentina's last civilian president and wife of the late General Peron had yet to make any public statement about her political intentions.

Sra Peron is expected to return to Buenos Aires before the end of this month once the military junta clears her of charges of financial corruption which technically ban her from holding public office.

IMF loan terms still to be finalised, says Brazilian bank chief

BY ANDREW WHITLEY, IN RIO DE JANERIO

BRAZIL'S revised Letter of Intent to the International Monetary Fund is "still in the process of being refined and adjusted," according to Sr Affonso Celso Pastore, the newly appointed central bank governor.

Speaking on Monday at his swearing in ceremony, Sr Pastore did not indicate the aspects being altered but said: "We are beginning to work hard on this, but there isn't any urgency."

An IMF technical mission is due back in Brazil in late November to finalise next year's domestic economic targets, when the final 1983 numbers on inflation and domestic credit expansion will be clearer.

At the moment the Letter of Intent is believed to be couched in general terms, with final details to be filled in later.

Sr Pastore and Sr Ernane Galveas, the Finance Minister, are to meet the 14-member bank advisory committee on the Brazilian debt renegotiations in New York on Monday and Tuesday on the banks' part in the countrys' refinancing programme. The talks were interrupted last week by the abrupt resignation of Sr Carlos Langoni as central bank governor.

At the ceremony in Brasilia, Sr Galvas criticised his former colleague for "leaving the ship at a time of contrary winds, when the vessel is running into danger."

Sr Pastore said there would be a shift in the central bank's domestic policy. Fiscal austerity, especially towards the public sector, would be combined with a more flexible monetary policy, permitting a fall in real rates of interest.

He defended the tough IMF-set targets for 184 on inflation and the public sector deficit as being "perfectly compatible" with the easing of monetary controls. Combating inflation remained the top priority.

The scale of the problem facing the Brazilian Government, in trying to bring down inflation while simultaneously following other IMF instructions to eliminate heavy subsidies and restore state utilities and companies to profitability, was graphically revealed by the latest monthly inflation figures.

The General Price index rose by 10.1 per cent in August, pushed upwards by steep rises in agricultural product prices and construction costs.

Chrysler unions agree pay pact

By Terry Dodsworth in New York

CHRYSLER management and unions have reached agreement on a 24-month wage pact after a hastily convened Labour Day meeting.

The deal, which will run until September 1985, follows sporadic negotiations over the last three months, as the car maker's unions tried to recover wage cuts forced on them in return for government loan guarantees at the time of the company's financial collapse.

The terms of the agreement will increase the basic Chrysler wage from $10 an hour to $12.42 by the end of the 24-month period in a series of quarterly rises.

Chrysler workers will then be earning roughly the same as GM and Ford employees, but the two larger companies are due to renegotiate wage contracts in September next year.

Currency plea 'lacks realism'

By Max Wilkinson, Economics Correspondent

THOSE EUROPEAN countries which have called for a common policy to lower the value of the dollar are condemned for lack of realism today by Herr Otmar Emminger, former president of the West German Bundesbank.

In a pamphlet* issued by the Group of Thirty, an international forum for monetary affairs, he says joint intervention can only be a stop-gap measure. The key to currency stability must lie in the domestic policies of different countries.

U.S. policies for holding down domestic inflation remain the most important factor for international currency stability, he says.

* *World Money and National Policies from Group of Thirty from 2, World Trade Centre, Suite 9690, New York.*

British companies seek order to update Indian steelworks

BY JOHN ELLIOTT IN NEW DELHI

A MAJOR indian steelworks mordernisation order possibly worth up to £500m (Rs 7.5bn) is being sought by British companies following the loss last year of a £1.25bn turnkey order for a new steelworks in Orissa, eastern India.

The works for modernisation are at Durgapur in West Bengal and were built with British Assistance 20 years ago. This is putting the British Steel Corporation in a prime position for the urgently needed modernisation. A second stage to expand the steelwork capacity and costing about a further £500m might follow later.

Mr Kenneth Baker, UK Minister of State for Industry, is discussing the possibilities with Mr N. K. P. Salve, Minister for Steel, today. An offer of British aid of up to perhaps £100m has already been made.

The British Government hopes that there will be enough progress following today's meeting and talks at official level for some form of announcement to be made in November when Mrs Margaret Thatcher, Britain's Prime Minister, visits India for the Commonwealth heads of Government Meeting.

The Indian Steel Ministry has completed its assessment of the scheme which it is submitting to the Finance Ministry for approval. Whether orders are all placed at once or are phased depends on the availability of Indian finance. Because of this the initial order might not be much greater than half the total £500m which is small when compared with the £1.25bn Orissa project hoped for last year.

The Indian Government is cutting back on its project in a number of areas because of a lack of internal financial resources. Dav McKee's Orissa contract would have been paid for entirely by foreign currency with British aid and a Eurocurrency loan. A revised plan, which was under consideration after Davy lost the contract last year until early this summer, would not have had such foreign financing but could have provided the UK with equipment orders totalling £650m. Eventually, however the Indian government admitted a couple of months ago that the new steelworks was no longer an early priority.

The Indian government is now turning its attention to modernising old steelworks instead of building new ones and this has brought the Durgapur project into the forefront of plans.

British Steel had produced a consultant's report on Durgapur in 1980 envisaging the total works of about £1bn. This was not acted on immediately because of the cost and has now been split into the two possible projects.

Meanwhile, Davy McKee, which is keeping a low profile in industrial negotiations following last year's Orissa debacle, is bidding for a £40m gas clearing plant on a Russian-built steeworks at Vizag having lost a tender for a rod mill there recently.

UK drive to restore Malaysia trade links

KUALA LUMPUR — Britain will send several trade missions to Malaysia in the next few months in what is seen here a an effort to restore trade relation soured by a Malaysian Government boycott of British services and goods.

British High Commissioner to Malaysia, Mr Peter Davies, told reporters yesterday that seven trade missions will visit the former British colony, which gained independence in 1957 and had enjoyed close trade and other ties with Britain until the boycott.

Mr Davies said one of the delegations, led by British Overseas Trade Board chairman Lord Jellicoe, was to arrive early next month and will include senior businessmen and chief executives of British banks, including Lloyds Bank, and other commercial organisations.

He said the delegates will hold talks with both federal and state authorities on expanding trade and investment links between Britain and Malaysia. They will also discuss the transfer of technology to Malaysians.

Dr Mahathir Mohamad, who became Prime Minister in July 1981, ordered a government boycott of British goods and services in October 1981, because of an increase in fees for Malaysians studying in Britain and other British actions construed as anti-Malaysian.

A few months ago he ironed out the differences in a meeting with British Prime Minister Margaret Thatcher and the boycott was lifted.

AP.

New generation of cvt units built at Strasbourg plant

Fiat to buy GM transmission system

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FIAT IS to buy an advanced automatic transmission for medium-sized, front-wheel-drive cars which General Motors will produce at its Strasbourg plant in France from 1985 onwards.

The deal is significant because it involves a continuously variable transmission (cvt) and Fiat was at one stage believed to lead the field in Europe with the development of such units.

Fiat used a cvt based on the system developed by Van Doorne, the Dutch company which pioneered this type of transmission on Daf cars. Van Doorne, Fiat and Borg-Warner, the U.S.-owned automatic transmission specialist, went into partnership to improve the system, using a belt made of steel blocks rather than rubber.

Components

For GM the Fiat deal represents another success for its determined attempts to become much more important as a supplier of components to rival manufacturers in Europe.

Last November GM revealed it would spend \$180m over the next three years at Strasbourg to make a new generation of automatic gearboxes. Now chairman Mr Roger Smith admits that they will be cvts.

Production should start in 1985 and Fiat says GM will use some Van Doorne components in the unit. Apart from Fiat and its own European subsidiaries, Opel and Vauxhall, GM is also expected to sell the transmissions worldwide. They are suitable for cars with engines between 1.6 and 2.0 litre capacity.

Demand

One of the reasons Fiat drew back from going into production with its own cvt is that European demand for automatic transmissions is well under 10 per cent of total new car sales and in Italy is virtually nil.

For this reason car companies in the future are likely to market the cvts and similar units as part of "fuel economy" packages, dropping the term "automatic" which European drivers consider to be more thirsty than manual transmissions.

According to Borg-Warner, which hopes to build up a good business providing components for cvts from its plant at Kenfig, South Wales, cvts already produce better fuel consumption figures than five-speed manual transmissions.

Fuel saving

And there is much more fuel-saving potential in future when cvts will be matched with engines, via mini computers, to ensure that any vehicle is always in the best gear ratio for any driving condition. Such systems are not likely to be widely available on production cars until the end of the 1980s, however.

Ford showed its own version of a cvt based on the Van Doorne steel-belt system coupled to a Fiesta last May. But the company said it has no present plans to put the unit into production.

The market in Europe for automatic transmissions for smaller-engined cars, below 1.6 litres, is likely to be supplied by the joint Renault-Volkswagen venture.

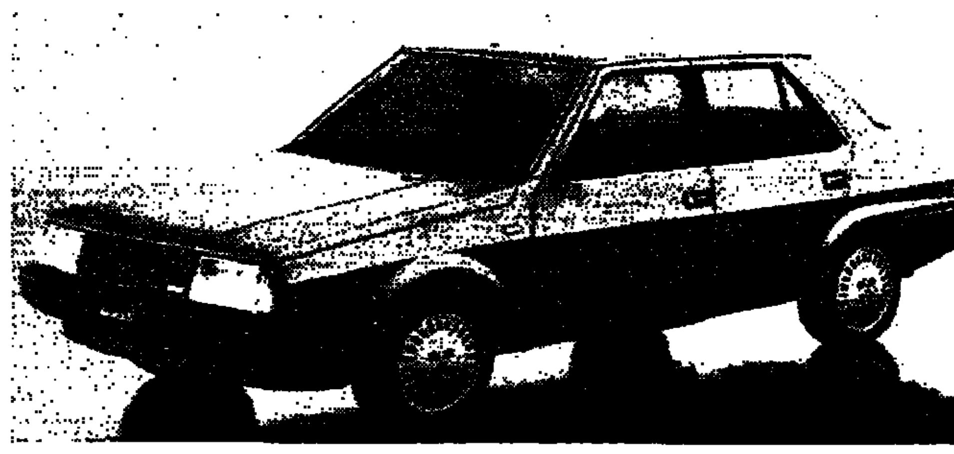
Advanced

The two groups have been working since 1980 on an advanced four-speed automatic and in January this year signed an agreement to put it into production in 1985.

The partners have made it clear they want to sell the transmission to other companies, including those in the U.S.

Renault will produce the new unit at its Calais plant, possibly not at the rate of 575 a day at which it is turning out its current automatic, while Volkswagen reckons it will have an output of 1,000 a day at its Kassel facility.

Current estimates put automatic transmission demand in Europe at no more than 4,000 a day.



FIAT TODAY gives some details about the car which will replace its 131 range and represent it in the important "family saloon" part of the market which accounts for roughly one quarter of total European car sales.

It is the second major introduction by Fiat this year and follows hard on the heels of the Uno, launched at the beginning of 1983.

Called the Regata, the new model, pictured above, will be launched in Italy on September 20 and will then gradually be introduced to other major European markets.

The Regata is a four-door, three-box saloon developed from the Fiat Strada. But the company insists it would be wrong to describe it simply as a "Strada with a boot."

The new car will straddle two traditional European market segments and come into competition with models such as the Volkswagen Golf as well as the larger Ford Sierra.

Its importance to Fiat can be judged from the fact that at its peak, the 131 range accounted for over 13 per cent of the group's car output in Italy—177,000 were produced in 1978 out of a 1,325m total.

The range has faded significantly since then and last year 106,000 were produced, representing 9.3 per cent of Fiat's output in Italy of 1.134m. In the first half of 1983 only 34,000 were produced.

The Regata features a transverse engine, front wheel drive, independent suspension on all four wheels and offers four power units—1300, 1500 and 1600 cc and 1700 cc diesel—linked to five-speed transmissions.

Balfour Beatty to build Nigeria market complexes

BY QUENTIN PEEL, AFRICA EDITOR

BALFOUR BEATTY Construction has been awarded a N41m (£35m) turnkey contract for the design and construction of four market complexes in the northern Nigerian state of Bauchi.

Work is to be expected to begin within two months on construction of the complexes in the towns of Azare, Bauchi, Gombe and Misau, commissioned by the state government.

External finance for the contract has been managed and provided jointly by Samuel Montagu and Banque Parisbas (London), consisting of a £23.2m buyer credit, backed by the Export Credit Guarantee Department, and a \$7.7m Eurodollar loan.

The contract will be the second to be undertaken for the state government by Balfour Beatty, and include the erection of single-storey mixed stalls for local traders, together with infrastructure development such as administration buildings, warehouses, workshops and a central mosque at each site.

Steel work is being provided by Painter Brothers, and design and construction by EPDC, both part of the Balfour Beatty group.

Greece, Britain sign defence memorandum

By David Tonge in Athens

GREECE has smoothed the way for sales efforts by British weapons companies by agreeing to a "memorandum of understanding" on defence co-operation.

The memorandum, which was signed in Athens this weekend by Mr Michael Heseltine, the UK Defence Secretary, and Mr Paulsanias Zakolikos, Greek Under-Secretary for Defence, establishes a joint committee of officials from both countries. The committee is to meet once a year.

British officials hope it will help in attempts to sell the technology needed for Greek plans to build up local armaments factories.

Mr Heseltine said in Athens that he had also discussed "the tremendous advantages" of the Tornado combat aircraft. Greece now says that it will make a decision on whether to buy the Tornado—a UK-West Germany-Italian venture—the French Mirage, or an American aircraft by October. The Greek agreement with Britain is similar to one recently made with France.

Computerised booking order won by Danes

By Hilary Barnes in Copenhagen

CHRISTIAN RODSING, the fast-growing Danish computer company, announced a DKr 250m (£16.7m) order from American Airlines for a booking and reservation system. It is thought to be the biggest single order a Danish electronics company has ever won, and follows an order to Rodsing earlier this year for a similar system for Air Canada.

The Rodsing system for American Airlines will be based on computers in 14 cities, linked initially to 65,000 terminals across the country and in Canada. It will be able to handle 1,100 reservations per second. The system can be expanded later to more than 100,000 terminals.

Rodsing raised DKr 107m through a private share placement in London and The Netherlands earlier this year and plans to seek quotation of its shares in either London or New York as well as Copenhagen next year. Its turnover has increased from DKr 84m in 1978 to DKr 414m last year when sales increased by 50 per cent.

Philippines puts controls on 273 import items

BY LEO GONZAGA IN MANILA

The Philippines Central Bank yesterday imposed controls on 273 imported items as part of a strategy to limit the country's balance of payments deficit this year. But it avoided getting into trouble with the International Monetary Fund (IMF) by using a non-monetary control device.

The IMF has provided \$550m in emergency assistance to defray the Philippines balance of payments deficit. One of the known conditions is that the Central Bank should allow freer trade. But the monetary authorities here want to limit the deficit to \$600m against last year's record \$1.135bn.

The Central Bank has stopped banks opening letters of credit or providing other import finance arrangements for the items event on a non-dollar basis without approval of the Ministry of Trade and Industry. Among the controlled items are food and food preparations, sporting goods, construction materials and tobacco products.

Early this week, the Central Bank had controlled the import of several categories of milk products from abroad, by insisting that approval of the Board of Investments be gained before any bank can finance such imports.

At the same time the Central Bank required that borrowing programmes for every project whether in the Government or private sector, be submitted on or before the end of this month if the project involves foreign loans amounting to \$3m or more.

Renault Egypt

EGYPTIAN authorities are continuing negotiations with Peugeot and Renault of France and Volkswagen of West Germany for the establishment of a car manufacturing plant. A decision is expected by the end of the year. This corrects a report in the Financial Times of September 6 saying Egypt had selected Renault to set up a car plant.

UK NEWS

Monetary growth eases back towards target

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

GROWTH in the UK money supply decelerated further in August, and appears to be heading back towards the target range announced at the time of this year's Budget.

Provisional estimates from the Bank of England yesterday, showed that the broad measure of money, sterling M3 (bank deposits and cash) grew by ¼ per cent in the four weeks to mid-August. This is equivalent to an annual rate of growth of only 3 per cent compared with the target range of 7 to 11 per cent annual growth.

Private Sector Liquidity 2 (which includes deposits with building societies) grew by about ¾ per cent, equivalent to an annual rate of 9¼ per cent, and M1, the narrow measure (which includes only bank deposits which can be withdrawn immediately) rose by ¾–1 per cent in the month, equivalent to an annual 9–12 per cent.

In the present target period since February, sterling M3 has grown at an annualised rate of 12½ per cent, M1 at 14¼ per cent and PSL2 at 15 per cent.

Although these rates are still above the target, they are comfortably down from those which were causing official concern in the early summer. Since then Government funding has been fairly successful, and there are indications that the pace of public spending has slackened since Mr Nigel Lawson, the Chancellor of the Exchequer, announced his £600m package of cuts in July.

Yesterday, the London clearing banks announced that their lending to the private sector increased by an underlying sum of £900m to £1bn in August. This is somewhat above the underlying average increase of £650m to £700m for the last three months, but is close to the growth rate at the beginning of the year.

● The annual rate of increase of British manufacturing industry's factory gate prices remained unchanged at 5.4 per cent in August, boosting the Government's hopes that retail price inflation can be restrained for the rest of the year.

JOBS LOST AT TWO BISCUIT PLANTS

Nabisco factories to close with loss of 1,200 jobs

BY CARLA RAPOPORT

NABISCO BRANDS of the U.S. is to close two of its UK biscuit plants with a loss of more than 1,200 jobs.

The company said the move was essential if its UK operations were to survive in a fiercely competitive market. Last year, the £350m sweet biscuit market declined by nearly 6 per cent in real terms.

Bakeries to be closed are part of the Huntley & Palmer group, which Nabisco bought for $159m last November. At the time of the acquisition, Nabisco gave a warning that some rationalisation would be necessary.

The group's UK workforce has since been cut from about 16,800 to 15,000. Nabisco said yesterday that no further reductions were planned.

Plants to be shut are the Huyton facility on Merseyside, with a loss of 770 jobs, and the Woodgate plant in Leicester, where a further 450 jobs will go.

The company also announced that it would be spending £5m on its Aintree production lines in Liverpool over the next 18 months. This move is expected to create about 100 new jobs. Redundant workers from Huyton will be given priority for these jobs.

Nabisco's announcement had been widely expected in the City of London. "It's very clear that if they (Huntley & Palmer) hadn't been taken over, they would have gone bust," a leading food industry analyst said yesterday.

The closures will not lead to the elimination of any biscuit brands, Nabisco said. But efforts would be made to increase its hold on the UK market with new snack products, such as a pizza-flavoured biscuit, which is now being test-marketed.

These products are likely to be important for the company as projections for the sweet biscuit market in the UK are not encouraging. According to the Food and Drink Industry Forecasting Group, a London-based market research company, sales are predicted to fall by about 2.5 per cent a year in real terms for the next four years.

Forceful chairman who steered Lloyd's through its troubles

BY JOHN MOORE, CITY CORRESPONDENT

SIR MARCUS KIMBALL, a member of the ruling council of the Lloyd's insurance market, described Sir Peter Green's intention to stand down as chairman of the market which he has led for nearly four years as "a bombshell."

Another council member described the timing of his announcement as "unexpected," although there had been speculation for some weeks about his future as Lloyd's chairman.

Sir Peter, aged 59, has served in this office longer than any other post-war chairman, presiding over the market during its most troubled period in modern times.

Sir Peter, regarded as one of the most forceful chairmen the market has seen, has himself attracted controversy while in office.

In his first few months he persuaded the market to bail out the stricken underwriting syndicate once headed by Mr Frederick Sasse, which was facing £21.5m of losses.

A rare market rescue was mounted in which all underwriting members met a large part of the losses of the 110 members of the Sasse syndicate after Lloyd's admitted that the syndicate members had reasonable grounds for complaint.

Sir Peter said certain "grave irregularities took place" in the handling and accounting of an insurance contract placed with the syndicate.

Sir Peter's decision was not popular. Lloyd's professionals argued that the rescue compromised the unlimited liability principle whereby all members are expected to meet the full extent of their losses with the entirety of their personal wealth.

He then steered through the Lloyd's Bill of Parliament, which brought into operation Lloyd's first major legislative changes in more than 100 years.

Under pressure from a parliamentary committee Sir Peter was forced to accept the principle that Lloyd's insurance brokers should not be allowed to manage underwriting syndicates within the Lloyd's market.

Sir Peter, who favoured a form of separation of the functions of broking and underwriting rather than a complete hive-off of the activities, was forced to turn 180 degrees in order to save the Lloyd's Bill from extinction.

Then came the scandals of last autumn. Sir Peter was criticised by the outside members for not intervening earlier and taking more drastic action to stamp out abuses within the market.

One of the scandals surrounding the affairs of Minet Holdings, the large UK insurance broker with extensive Lloyd's underwriting interests, involved a former business associate of Sir Peter, Mr Peter Cameron-Webb.

Ironically, Sir Peter himself had conducted a personal investigation into Mr Cameron-Webb's affairs after a complaint in the market.

He found Mr Cameron-Webb had operated an alleged "slush fund" through a Monte Carlo company. Money had been channelled out of Mr Cameron-Webb's Lloyd's syndicates into the Monte Carlo company.

The money in the Monte Carlo group was to be used to buy in insurance business for the two syndicates which Mr Cameron-Webb looked after. Two employees of another Lloyd's broking company, through which the money was channelled, expressed unease about the deal.

Sir Peter closed the inquiry and told the council no further action was necessary. Since then, Lloyd's, which is examining allegations that £53m ($35.3m) has been misappropriated at Minet and secretly diverted to former Minet executives, has reopened the inquiry.

The Department of Trade, investigating Minet's affairs with the help of the City of London police fraud squad, has called for the papers on Mr Cameron-Webb's deals with the Monte Carlo company, called Unimar.

Sir Peter himself faced criticism from Lloyd's members when it was revealed that he had had an undisclosed interest with an insurance company in the Cayman Islands called Imperial Insurance Company (Grand Cayman), with which his own underwriting syndicates under his management transacted business.

In a formal statement yesterday Sir Peter said his departure as chairman was delayed by the prolonged time that the Lloyd's legislation took to reach the statute book.

Anderson Strathclyde wins China contract

BY PETER BRUCE

ANDERSON STRATHCLYDE, one of Britain's biggest mining equipment manufacturers, has won an order worth £13.4m from China for 18 shearing machines and six face conveyors.

The company has also entered into a technology transfer agreement with Peking, under which the Chinese hope to begin manufacturing equipment from the Anderson Strathclyde range.

The order, won against initial competition from Eickhoff of West Germany, is Anderson Strathclyde's second success in China this year. In March the company won orders worth £2.25m for long wall mining equipment.

The new supply contract, with China's National Coal Development Corporation, was signed on Monday and in money terms is worth exactly the same as the company's previous best order from the Chinese, in 1978.

The 1978 contract ran over 16 months, however, while the deal announced yesterday involves supply over 12 months.

Anderson Strathclyde, which, like Britain's other mining equipment producers, has had its business severely trimmed by a collapse in orders from the National Coal Board, is also thought likely to take a major share of a £20m order placed with Dowty last month by Indonesia.

Mr Ian Little, Strathclyde's chief executive, said yesterday the order would not save 200 jobs the company is shedding through voluntary redundancy this year.

The company, which employs 3,000 people at six plants in Scotland, was taken over earlier this year by Charter Consolidated against the advice of the Monopolies and Mergers Commission.

China has been importing long wall mining equipment from Anderson Strathclyde and German competitors for about ten years. Peking recently announced plans to double coal production by the turn of the century, from a current 630m tons.

The technology transfer agreement is the first foreign contract signed with Peking for the local manufacture of long-walled mining equipment.

● Alfred McAlpine has won a £14m contract to convert part of a redundant Manchester railway station into a major exhibition centre, Nick Garnett writes.

Conversion of the train hall on the former Central station site is expected to cost a total of £16m.

UK NEWS

Liberals urge Steel to face critics at veto talks

BY IVOR OWEN, POLITICAL STAFF

PROMINENT Liberals are urging Mr David Steel to meet his critics head-on when the attempt to remove the party leader's right of veto over the contents of the election manifesto is debated by the Liberal Assembly in Harrogate, Yorkshire, on September 20.

Some Liberal activists, still smarting over the harsh comments which Mr Steel made about their tactics in his recent controversial letter to his fellow Liberal MPs, believe he intends to boycott the debate.

The debate will be in private session and there is little doubt that the party leader's right of veto will remain – Mr Steel has made it clear that he will resign if he loses the veto.

If Mr Steel stays away from the debate there will be louder rumblings of discontent over what many regard as his imperious manner.

There has been concern among leading Liberals about the longer-term implications of what is now seen as a small cloud on the party's horizon. The implications have been highlighted by a reference by one of the Liberal leader's personal


David Steel: may boycott the vital debate

assistants, Mr Stuart Mole, to "unhappiness with Mr Steel's rather cloistered style of leadership."

The Association of Liberal Councillors, some of whose officers have been sharply rebuked by Mr Steel, has said that "general election campaigns cannot be based solely on the popularity of the leader, however deserved this is."

Mr Paul Hannon, the assembly committee chairman, admitted yesterday that he still did not know which assembly sessions Mr Steel would attend.

Later it was made known that Mr Steel would travel to Harrogate on the opening day of the assembly, but it is still not clear whether he will attend the debate on the leader's right of veto over the manifesto.

Relationships with the Social Democratic Party and the future of the two-party Alliance will be a dominant feature of the assembly both in formal sessions and in fringe meetings, and will be one of the main issues examined by a commission on party strategy.

Dr David Owen, the SDP leader, will not be given the opportunity to address the assembly direct, as his predecessor, Mr Roy Jenkins, did last year but he will speak at a fringe meeting.

Renewed calls for the withdrawal of British troops from Northern Ireland and their replacement by a peacekeeping force provided by the United Nations or other EEC countries, and demands for an alternative to the Government's "fortress Falklands policy," will be among other issues debated by the 1,400 delegates who are expected at the assembly.

BL dealer bonus plan may threaten Ford's sales truce

BY OUR MOTOR INDUSTRY CORRESPONDENT

AUSTIN ROVER, BL's subsidiary, has launched a campaign giving its dealers the chance to earn extra bonuses of up to £550 a car. The scheme puts in doubt Ford's attempt this week to end the discount war in the UK car industry.

Responding to Ford's call for a truce, one of the leading car importers yesterday suggested Ford might have acted too late, and that its previous incentive programmes might have done long-term damage to its image in Britain.

The new Austin Rover campaign will last until December 9 and sets objectives for the 1,500 dealers for the period.

If a dealer meets agreed sales targets he can win extra bonuses of £550 on the Acclaim automatic, £500 on the Rover saloons, £300 on other Acclaims, £200 on most Metros and the Mini Mayfair and £100 on the Mini City and Metro City.

The Maestro receives no extra support, but can count towards the total sales target. Dealers start to earn part of the bonus when they reach only 30 per cent of the target.

When he announced on Monday that Ford would attempt to lead the industry out of the disorderly marketing caused by the extra discounts given to dealers in recent months, Mr Sam Toy, Ford chairman, said he would wait at least two months to give his rivals a chance to reconsider their positions.

However, an Austin Rover spokesman said yesterday that it was not likely that its incentive campaign would be reviewed.

The campaign aims to lift Austin Rover's sales during the last part of the year when the total market might go into steep decline after record August sales.

Also responding to the Ford move, Mr Michael Heelas, managing director of VAG (UK), the Lonrho subsidiary which imports Volkswagen-Audi cars, questioned how long Ford would be able to hold back before once again becoming embroiled in the incentives battle.

Mr Heelas accused Ford of being instrumental in creating a bitter price war which has had dealers from the same franchise competing against each other to meet sales targets.

Record car registrations in August sales rush

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SALES OF new cars in Britain last month reached a record 374,599, far exceeding any forecasts within the motor industry.

August sales are normally brisk because the month marks the change of registration plate letters to identify the year in which a vehicle was made. Last month, however, car sales were expected to be exceptionally good with the introduction of an "A" prefix to the registration plate.

The cost of the sales last month to Britain's trade balance will have been considerable since more imported cars were sold in August than in any previous month.

The volume jumped 18 per cent from the previous import peak of 180,343 in August last year to 212,801 last month.

However, as total sales were 24 per cent ahead in August compared with August 1982, the UK companies actually clawed back some market share – from 40.28 to 43.19 per cent.

Helped by the August sales boom, registrations in the first eight months of the year were 19.1 per cent higher at a record 1,345,577.

This was 3.6 per cent above the first eight months of 1979 when the industry sold a record 1.72m new cars. Mr Sam Toy, Ford of Britain chairman, now forecasts that registrations this year will be 1.73m and move on to 1.74m in 1984.

Several trends in Britain's new car market which have been becoming increasingly obvious in the past two or three years are confirmed by the August statistics.

Ford has firmly established market leadership with about 30 per cent, while BL is a poor second with just over 18 per cent. But BL appears to have stopped its decline with new products such as Metro and Maestro.

Catching up fast is General Motors, using the Vauxhall and Opel badges. It had a market share up from 10.42 per cent in August 1982 to 14.55 per cent last month.

The battle between Ford and GM is even squeezing Japanese makers. Datsun, the leading Japanese import, not only saw a fall in market share but also a drop in volume between August this year and last – from 21,000 to 17,600 – in a month when it usually does particularly well.

The Japanese market share was down from 12.59 per cent in August 1982 to 10.2 per cent last month.

But the worst casualties of the battle seem to have been inflicted on Italian and French manufacturers. In particular, Renault's market share last month was only 2.69 per cent against 4.17 per cent in August 1982, while the comparable figures for Fiat-Lancia showed a drop from 3.5 to 3 per cent.

Volkswagen-Audi, imported by a Lonrho subsidiary, and Volvo, imported by the Lex Group, have done their best not to get overtly embroiled in the discount war, and this seems to have had an adverse effect on their progress which had been considerable until a few months ago.

The Society of Motor Manufacturers and Traders statistics also show that the Ford Escort has established itself as Britain's best-selling car, with the Sierra in second place followed by BL's Metro.

The August line-up was: 1, Ford Escort (40,912 sold); 2, Ford Sierra (36,562); 3, Austin Metro (31,129); 4, Ford Fiesta (27,553); 5, Vauxhall Cavalier (25,332); 6, Austin Maestro (13,986); 7, Vauxhall Astra (12,726); 8, Triumph Acclaim (10,244); 9, Volvo 300 (7,525); 10, Vauxhall Nova (7,417).

P & O awarded gas contract

BY ANDREW FISHER, SHIPPING CORRESPONDENT

PENINSULAR and Oriental Steam Navigation (P & O) has been awarded a contract worth several million pounds by British National Oil Corporation (BNOC) to carry liquefied petroleum gas (LPG) in Europe.

The LPG (propane and butane), of which the state-owned BNOC now handles some 500,000 tonnes a year, will mostly be shipped from the terminals of Sullom Voe in the Shetlands and Flotta in Orkney to ports in the UK and north-west Europe.

P & O, which releases its half-yearly results today, at present operates a fleet of nine LPG ships, which is augmented with chartered tonnage when necessary.

Its four large 54,000 cubic metre LPG vessels, built at high prices in West Germany in the 1970s, will not be involved in the BNOC contract, which starts next month.

Neither company would give the value of the contract, but industry sources said it was under £5m. The contract, which was put out to tender, will replace an existing deal with Helge R. Myhre, a Norwegian company.

Initially, the contract will be for a year. In the near future, BNOC expects to be handling about 700,000 tonnes of LPG a year.

● Major contracts for the supply of high technology equipment to the British armed forces have been awarded to Marconi Space and Defence Systems and Thorn EMI Electronics.

Marconi has received the first order for its new Zeus warfare system, which was developed jointly with Northrop of the U.S. It is designed to locate and suppress radar emissions.

Zeus is to be supplied to the Royal Air Force under an initial production contract said to be worth several million pounds. The systems will be fitted to the Harrier jump jet.

TRADES UNION CONGRESS AT BLACKPOOL

Doubts on youth training plan

BY OUR LABOUR STAFF

TRADE UNIONS are showing increased concern about the Government's youth training scheme (YTS) which will offer all 16-year-old school leavers a year-long programme of training and work experience.

The scheme, which comes into operation this month with trade union support, has been developed by the Manpower Services Commission, which administers state training programmes.

Although delegates yesterday did not support a move which would have forced the TUC general council to withdraw co-operation from the scheme, speakers in a long debate repeatedly expressed fears about possible shortcomings and abuses.

A move to force the TUC to reconsider its entire involvement in YTS came from the National Graphical Association. Brenda Philbin told delegates that the NGA did not believe the TUC had really thought out how the scheme could be fitted into the wider recovery of British industry.

YTS was nothing more than a sophisticated and cynical re-run of the old Youth Opportunities Programme, and trade unionists supporting it would be rightly condemned by their children as being parties to fraud.

In spite of the defeat of the NGA move, resolutions were adopted by the Congress which indicated a large measure of doubt about the scheme. One said the TUC feared that the scheme could conceal unemployment and become a substitute for real jobs and educational opportunity.

To help overcome these fears, the TUC would like the scheme to be developed into a more extensive two-year-long programme. The TUC will be calling for the implementation of effective monitoring procedures and improvement in training facilities for staff involved in the scheme.

● UNIONS in shipbuilding are pressing for an early meeting with Mr Graham Day, the new head of the state-owned British Shipbuilders.

They want clarification of recent statements by Mr Day on the possibility of further redundancies and closures within the industry in addition to the recently announced programme of 9,000 job reductions.

Mr Jim Murray, general secretary of the boilermakers' section of the General and Municipal Workers' Union, said: "We are alarmed that Mr Day has been telling people that more redundancies are needed."

He said Mr Day would be told that unions would not accept compulsory redundancies or a pay freeze.

● RIGHT WING union leaders have won 31 of the 51 seats on the TUC general council. Under a new system of representation, 34 seats automatically went to unions with more than 100,000 members. This left unions to ballot for the remaining seats.

Mr Ray Buckton, left wing leader of the train drivers' union, and Mr Alan Sapper, of the broadcasting staffs, both retained their seats. Mr Bill Sirs, leader of the steelworkers' union, was also returned.

Among those who lost their seats were Mr Jim Slater, left wing seamen's union leader, and Mr Douglas Grieve, of the tobacco workers.

● HEAVIER penalties for employers who pay below the minimum rates in "sweated" industries were demanded. Delegates carried a motion calling on the government to reinforce the Wages Council which monitors pay in small industries.

UK NEWS

TV chief calls for extended franchises

By Raymond Snoddy

THE FRANCHISES of Britain's 15 independent television companies should be extended beyond their present finishing date of 1989, Mr Paul Fox, the Independent Television Companies Association chairman, has said.

Mr Fox, managing director of Yorkshire Television, in which S. Pearson, owner of the Financial Times, is a shareholder, says he believes it would be wrong to put the industry through the trauma of the franchising process just as competition from cable makes itself most felt.

He is asking the Independent Broadcasting Authority (IBA) to extend franchises until 1992.

Mr Fox believes the franchise process affects companies for about two years and the IBA itself "goes into purdah."

During such a period of purdah two years ago, when the IBA was preoccupied with the franchises, the Government first raised the whole question of direct broadcasting by satellite (DBS).

Mr Fox says: "DBS floated by and we were left gaping." As a result the BBC was allocated the first two of Britain's five DBS channels and the IBA made its formal application for two channels only this summer.

The IBA said yesterday it would reconsider the form of the franchise process.

New products clean up for troubled Hoover

Hoover has returned to profit after four years. Carla Rapoport tells how the company staged its recovery

MR PATRICK GOODE predicted a "product-led recovery" when he became managing director of Hoover in the UK in the autumn of 1981.

Two years later it appears that Mr Goode was right. A complete overhaul of the design and manufacturing methods of the group's tired range of washing machines and vacuum cleaners has helped to pull Hoover into profit for the first time since 1979.

This recovery has not been lost on the group's U.S. parent, which last week opened talks on the purchase of the Hoover UK shares it does not own. The U.S. group owns 73 per cent of the UK group's voting shares and 48 per cent of the non-voting shares.

The U.S. move puts a spotlight on Hoover at a time when the company has been avoiding publicity. Apart from announcing second-quarter pre-tax profits of £1.78m, compared with a £2.64m loss in the second quarter of 1982, the company has chosen to remain low-key about its achievements.

A look at the story behind the figures, however, produces some promising prospects for Hoover. In vacuum cleaners, for example, Hoover has managed to increase its share of the fairly stagnant UK market from 32 per cent in 1981 to 37 per cent last year.

This recovery has been aided by the excellent sales achieved by Hoover's new cylinder vacuum cleaner, Sensotronic, which is made in France. The industry calculates that Hoover outstripped Electrolux in this category, claiming 27 per cent of the market, against 17 per cent in 1981.

A Hoover executive said: "We told our designers to start all over – from the inside to the out. It is a very streamlined product."

Hoover will not give any hints on profitability, but Mr Richard Ryder at Phillips and Drew, the London stockbrokers, said yesterday that Sensotronic was creating comfortable profit margins for Hoover.

Hoover is capitalising on Senotronic's success with another new machine, Turbo-Power, an upright with a built-in air freshener. "It might sound like a gimmick but it's a tremendous selling feature," says Hoover.

Washing machines have always been a more difficult market for Hoover, yet the group has retained a respectable 23 per cent of the total UK market, currently worth around £375m. The group has pioneered the high-spin washers which reduce drying time.

It has also scored an early success with its electronic range of washing machines. This market is a much less profitable one for Hoover, however, because of intense competition from imports.

Mr Jim Collis, director of the Association of Manufacturers of Domestic Electric Appliances, says sales of washing machines have jumped to 735,000 units in the first half of 1983, from 613,000 units in 1982. Remarkably for companies such as Hoover, he says, most of that growth went to domestic manufacturers, not importers.

He says: "People were writing off the UK domestic appliance market a few years ago. I think it's fair to say the UK industry got to grips with their problems and started producing products with new features, higher quality products, and this has made a huge difference."

Importers held about 43 per cent of the UK washing machine market in 1982 but he says this figure has risen only slightly in 1983.

"They did slightly better, but on the whole, importers were selling machines right at the bottom end of the market," he says. "Hoover and Hotpoint have held up well in the higher quality machines."

Hoover admits it could have done better in this market during 1982, as a move to a Scottish production site disrupted output for six months.

The result, however, is a fully automated production line with just over a third of the employees the group had 10 years ago. Mr Ryder expects more benefits from the move to appear in this year's figures, predicting that pre-tax profits next year will touch £8m.

The challenge for Hoover, he points out, will be how to maintain the growth.

Rival deposit takers 'gaining ground on banks'

BY ALAN FRIEDMAN, BANKING CORRESPONDENT

BUILDING SOCIETIES could present Britain's leading banks with a "formidable challenge" and the banks will need to work hard to maintain their personal share of deposits, according to Mr Timothy Bevan, chairman of Barclays Bank.

In a speech to the Institute of Bankers' Cambridge Seminar, Mr Bevan admitted that while banks succeeded in capturing part of the building societies' lending business, they "failed to capture the corresponding part of their deposits."

Mr Bevan said banks now had about 37 per cent of UK personal deposits, while building societies had a 48 per cent share and National Savings about 15 per cent. Not only had the societies won more deposits at the banks' expense, but Mr Bevan said National Savings had achieved its 15 per cent stake (up from 11½ per cent in 1980) at the expense of the banks.

That was a result of the role now assigned to National Savings as a means of financing the Public Sector Borrowing Requirement so as to limit the growth of the money supply, he explained.

Mr Bevan referred to "the latest competitive threat" to the banks' personal customer deposit structure – the new cheque accounts now being offered by building societies and finance houses.

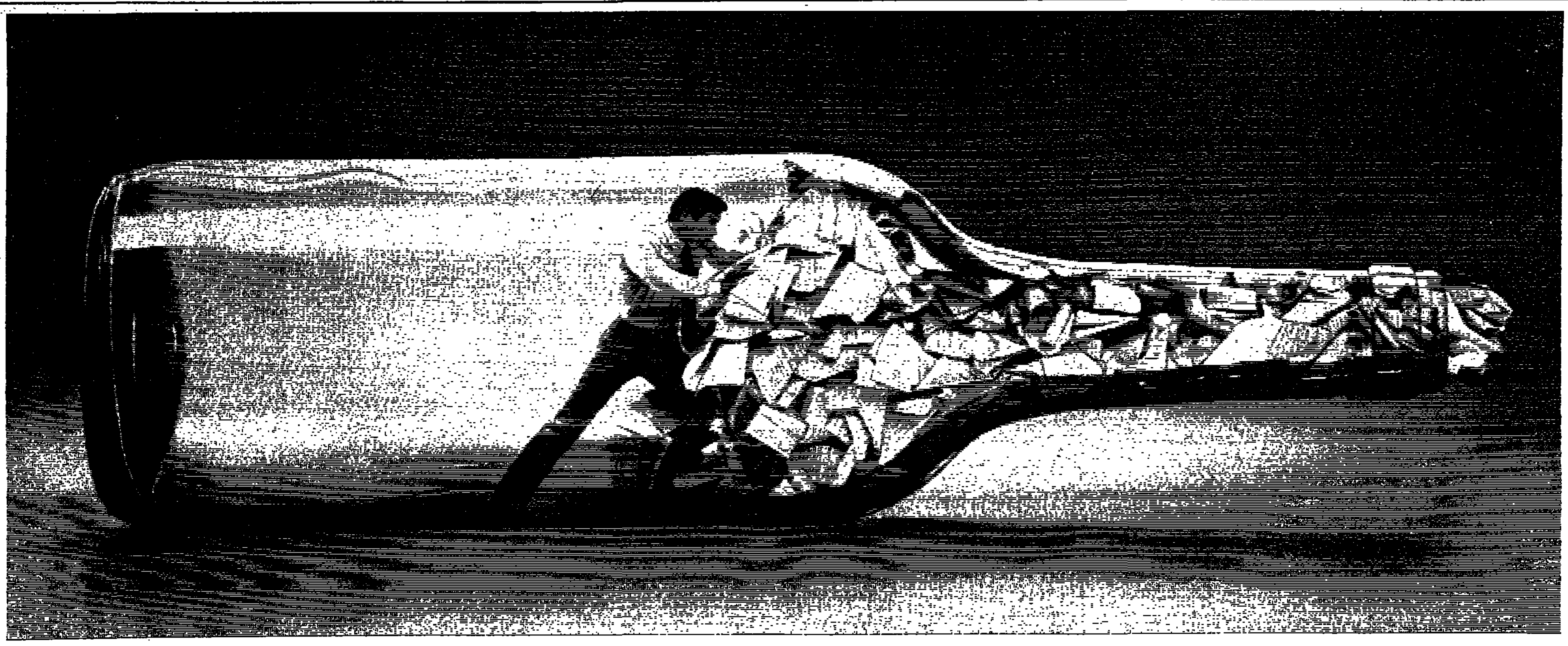
He said those might present a "formidable challenge," and added that such competition was likely to continue to threaten the banks' retail deposit base.

Singled out for particular criticism was the way the bulding societies benefited from an arrangement with the Inland Revenue under which they paid interest only after deduction of the so-called "composite" rate of tax. Last year the societies' composite tax rate was 25¼ per cent – well below the basic rate of 30 per cent.

As a result, many people not liable to tax were prepared to deposit funds with building societies although they suffered a deduction in tax which they could not reclaim.

"Whether it is right that relatively poor people should subsidise the taxpaying members of building societies in order to reduce the administrative costs of the Inland Revenue, I leave you to judge," Mr Bevan said.

Another problem for the banks was the steady erosion of the proportion of non-interest-bearing deposits. A decade ago those provided 50 per cent of sterling deposits. Today the corresponding proportion was only 30 per cent. Mr Bevan said in Barclays' case, cheque accounts today provided only 27 per cent, while the bank had to resort to wholesale money for 45 per cent of its funding mix.



INVEST IN HONG KONG

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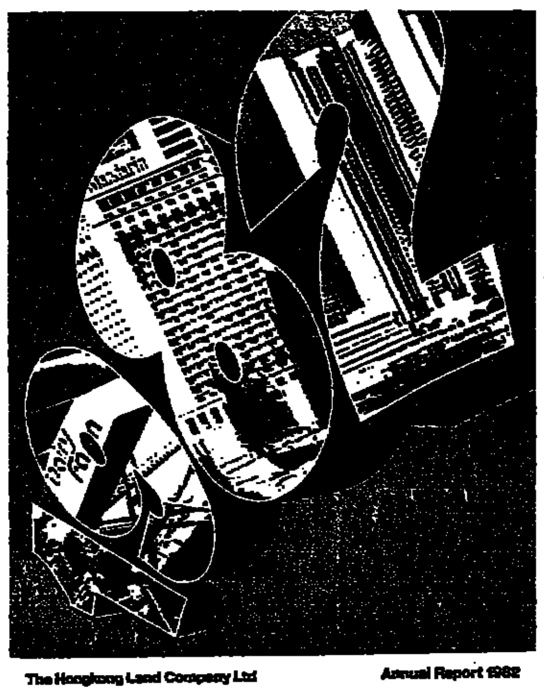
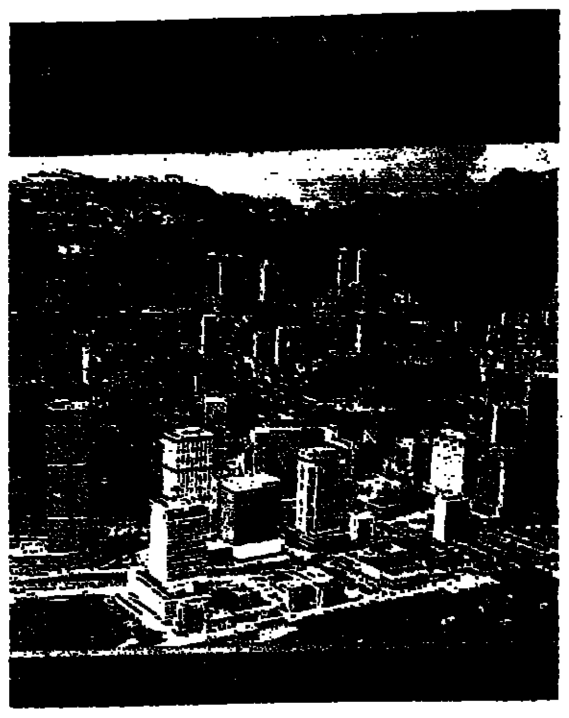




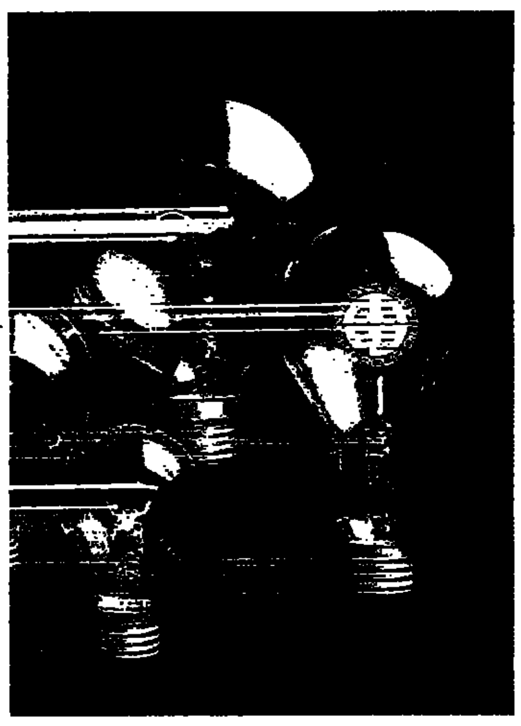
The Hongkong and Shanghai Banking Corporation
Hongkong Bank is the major financial institution in Hong Kong — the world's third largest financial centre. The group operates through more than 1,000 offices in 54 countries and its areas of particular strength are in Asia, the Middle East and North America.

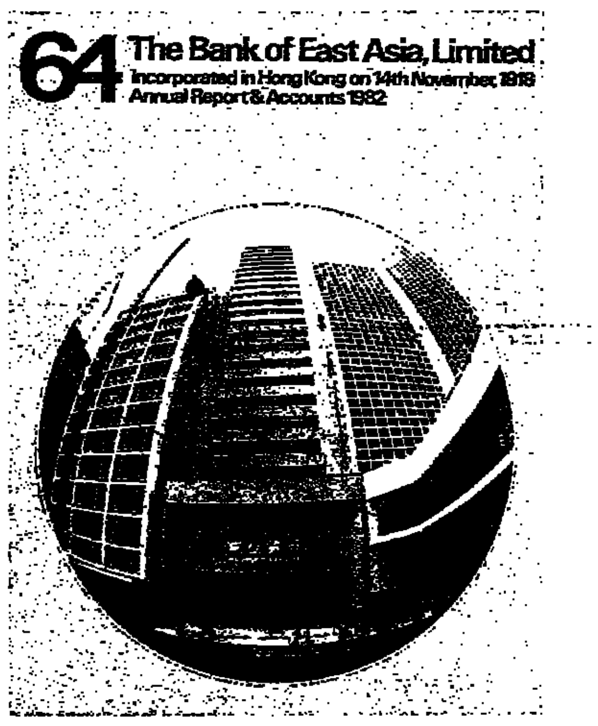
Hongkong Bank's principal banking subsidiaries are Marine Midland Banks, Inc., The British Bank of the Middle East, Hang Seng Bank Limited, Wardley Limited, Antony Gibbs & Sons, Limited and Mercantile Bank Limited.

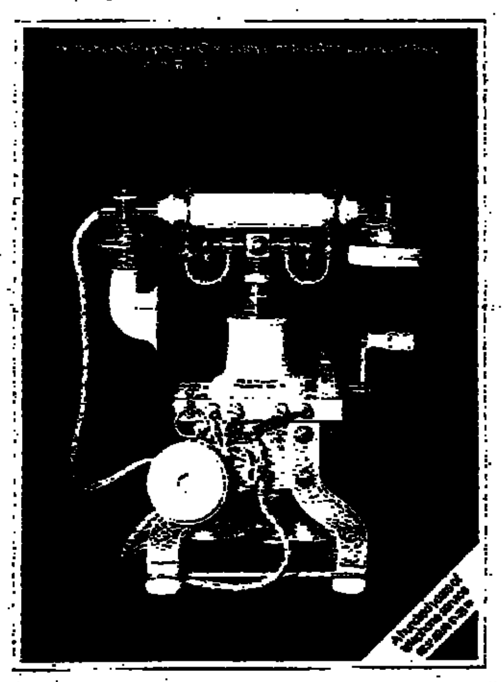
Consolidated profit for 1982 exceeded £192 million, and consolidated assets of the group now exceed £35.9 billion.

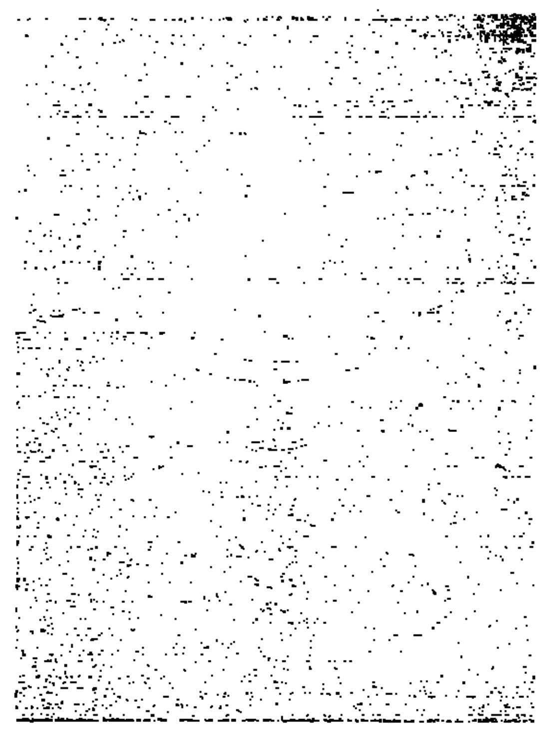
The Hongkong Land Company Ltd
Established in 1889 and today one of the largest property based companies in the world, Hongkong Land has total assets of some US$5,600 million. Through its subsidiaries Dairy Farm and Mandarin International Hotels, the Company has also food and hotels interests in 15 territories principally in the Asia Pacific region including Singapore, Australia and North America. The Company's major associates are Jardine, Matheson & Co., Ltd and Hongkong Electric Holdings Limited.

Hutchison Whampoa Limited
A leading Hong Kong based company with a diversified range of activities including property development, China trading, quarrying and readymix concrete, container terminals, importing, wholesaling, food and softdrinks manufacturing, and retailing. Consolidated profits after tax and extraordinary items was HK$ 1,001 million (US$ 154 million) in 1982. Shareholders funds total HK$ 4,374 million (US$ 675 million). Market capitalisation as at 5th May 1983 was HK$ 6,248 million (US$ 910 million).









Hongkong Electric Holdings Limited
The Hongkong Electric Group's principal activities are in generation, transmission and sale of electricity, property development, engineering consultancy, project management services, general trading and electrical and mechanical contracting on an international basis. The Group which has some 48,000 shareholders earned post tax profits of approximately £77 million in 1982, an increase of 28% over the previous year. Highlights of 1982 included the successful commissioning of the first two coal/oil fired 250MW units at the new Lamma power station and a 32% increase in turnover in the Group's chain of 23 electrical appliance shops.

The Bank of East Asia
Established in 1918, the Bank of East Asia Limited today is one of the leading local banks in Hong Kong. The company has over 40 branches in Hong Kong as well as branch offices in Shanghai and Singapore. The authorised share capital is 200,000,000 shares of HK$2.5 each and the paid up capital comprises of 85,839,600 fully paid shares of HK$2.5 each. The bank provides a complete range of banking services.

Financial highlights for 1982 is as follows:
Total Assets : HK$9,254,475,865
Total Deposit : HK$7,811,666,050
After Tax Profit : HK$ 135,017,154

Hong Kong Telephone
Hong Kong Telephone, a quoted company with over 20,000 shareholders worldwide, operates, under Government franchise, a service for 1.5 million subscribers using 2 million telephones, growing at nearly 10% each year. It has one of the largest urban optical fibre networks in the world. Among the facilities offered are an automatic radio paging service, Viewdata and Datel message service.

Turnover in 1982 was a record HK$2,194 million and the after tax profit was 7% up to a new high of HK$290.6 million.

Wing Lung Bank Ltd
Wing Lung Bank Ltd., 45 Des Voeux Road Central, Hong Kong. Established 1933. Chairman: Mr Michael Po-ko Wu, General Manager: Mr Patrick Po-kong Wu. A complete range of banking services provided. 1982 highlights:- Total assets: HK$5,593,170,113. Total deposits: HK$4,711,845,486. Net profit: HK$121,598,596.

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☐ Far East Consortium Limited ☐ China Light & Power Company Ltd

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Far East Consortium Limited
Far East Consortium is a member of the Far East Group of Companies with its principle activities in real estate investment and development and development of container freight station. Other members of the Far East Group include Far East Bank Limited, Far East Hotels and Entertainment Limited, Far East Holdings (1982) Limited and Asia Television Limited with diversified interests in banking, hotels, amusement parks, bowling centres, cinemas, securities investment, flour and biscuits manufacturing and television broadcasting.

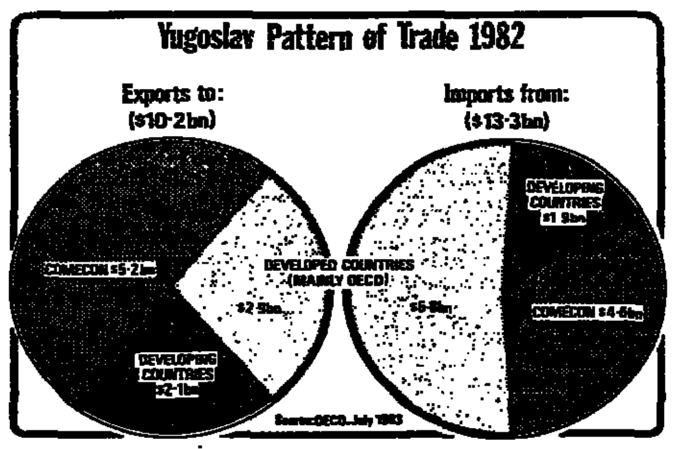
China Light & Power Company, Ltd
China Light & Power generates and supplies electricity for Kowloon and the New Territories. In 1982, 8,956 million kWh of electricity was supplied to 1,011,000 consumers. The Company has 16,639 shareholders and 7,427 employees. Turnover in 1982 was HK$4,765.4 million, and shareholders' equity stood at HK$3,081 million. The authorized share capital is 600 million shares of HK$5.00 each, and the issued capital of HK$2,400 million comprises 480 million fully-paid shares of HK$5.00 each. Together with its associated companies: Peninsula Electric Power Company Limited, Kowloon Electricity Supply Company Limited and Castle Peak Power Company Limited, China Light & Power has embarked on a major capital expansion programme comprising the Castle Peak 'A' and 'B' power stations and the associated EHV transmission network. Present forecasts indicate that capital expenditure to 1992 will total HK$36,000 million.

FINANCIAL TIMES SURVEY

Wednesday September 7 1983

Yugoslavia

Controversy surrounds some of the reforms and financial disciplines now being introduced in Yugoslavia following this year's major international rescue package to assist the country through its debt problems.



Slowly putting its house in order

By DAVID BUCHAN
East European Correspondent

YUGOSLAVIA is emerging from a crisis of confidence, external and internal. Knowledgeable Yugoslavs and sympathetic foreigners alike, have been asking the same questions:

Can Yugoslavia's fragmented economy be made more whole?

Can financial discipline be centrally instilled without inflaming nationalist sensitivities in the republics?

Is the loosely federal Titoist system viable without Tito?

A few even wonder whether, in the long term, communism is workable in Yugoslavia without the instruments—a tightly controlled party and press—which are considered essential to its functioning elsewhere.

The answers vary, but, on balance, they are positive. Most people believe that Yugoslavia is slowly putting its economic house in better order, that it is tackling the issues, particularly the proper balance between federal and republican powers, which went neglected in Tito's later years, and that—without major constitutional change but with the tougher line taken by the Government of Prime Minister Milka Planinc—it can pull together more as one country.

The catalyst which precipitated the crisis of confidence was foreign debt. Had Yugoslavia been able to keep up regular payments on its large ($19bn) foreign debt, not only would international attention have not focused on the country but Yugoslavs themselves would have stayed content to go on muddling through.

As it turned out, a major international rescue package, involving a roll-over of 1983 medium and long term maturities, maintenance of short term credit and provision of fresh finance, was mounted this spring. This will see Yugoslavia through all its debt problems this year and some of them next year. This "mega-package," which also includes aid from 15 Western governments, was more a vote of concern than of confidence; concern that non-aligned Yugoslavia remains a stable buffer between Nato and the Warsaw Pact. Nevertheless, the scale of the multi-billion dollar package reflects an expectation that Yugoslavia will make better use of the new loans than it did of the old ones.

The International Monetary Fund certainly hopes this will be the case. For, to some extent, the Fund's credibility as international problem-solver rides on success in Yugoslavia, the only major country to hit a fully-fledged debt crisis despite being several years into an IMF adjustment programme.

Not that the IMF targets for Yugoslavia were at fault. Last year's problems were mainly caused by commercial banks withdrawing their deposits.

So, this year the IMF has acted as the principal lever on the commercial banks to lend Yugoslavia new money and to go easy on collection of old debts; just as the U.S., out of strategic self-interest, was initially the one to rally support for Yugoslavia from fellow Western governments.

The spread of support which Yugoslavia has got this year can be counted a practical dividend of its long-standing policy of non-alignment, of keeping aloof from the world's power blocks and of maintaining ties with the widest range of countries.

More aid

It was certainly useful for Yugoslavia to get—as a symbolic counterbalance to Western economic aid—a promise of increased Soviet oil shipments from Prime Minister Nikolai Tikhonov when he visited Belgrade in March, and a small hard currency deposit from China, in advance of the May visit by Mr Hu Yaobang, the Chinese party leader.

Indeed, to some extent, Yugoslavia is in the lucky position of being courted by both East and West. Aid from one quarter seems to prompt aid from the other.

However, Yugoslavia seems no less determined than ever to not accept political strings attached to aid. It remains a leader of a non-aligned movement. At this year's non-aligned summit in New Delhi, Yugoslavia was pleased to find that its view of "true non-alignment" had convincingly prevailed over the Cuban notion that the non-aligned countries had a "natural ally" in the Soviet Union.

As another manifestation of its outsize foreign policy, Yugoslavia hosted the meeting of Unctad in June. But despite the outpourings about world economic issues from Belgrade that month, Yugoslavia's preoccupations are overwhelmingly domestic and principally economic.

The economy is in poor shape, but at least the short term changes requested by the IMF are underway. Substantial price rises, a tight money policy, investment cuts have all contributed to squeeze domestic demand this year—a little too hard in fact—and to divert resources into exports, which rose handsomely in the first quarter of the year thanks largely to aggressive devaluation of the dinar against convertible currencies.

The pace of adjustment will have to slacken slightly, government ministers say, for two reasons. First, the decline in real wages, 10 per cent in the first quarter, threatens to spark industrial unrest if not moderated. A few strikes, severely frowned on in any communist society, have already occurred, afflicting the richest regions (Slovenia) and the poorest (Kosovo) alike.

The second factor is that the export improvement cannot be sustained unless and until Yugoslavia can get more raw materials and intermediate goods from the West, needed as components for exports. This problem would be overcome if Yugoslav companies were faster to draw on the new western government commodity credits. But they have burnt their fingers in the past two years, and many are now somewhat shy of foreign credit.

In a sense, the delay in negotiating these credits may be beneficial, since it means that up to $800m of these credits will not be usable until 1984, a year which for Yugoslavia will be at least as difficult as this year.

Forecast

The Prime Minister, Mrs Milka Planinc, says the Yugoslav economy will not be "fully stabilised," or able to meet all its foreign financial transactions unaided, until there is a general upturn in the world economy. But that is true of many countries today, and the doughty Mrs Planinc and her Government are in the meantime making some longer term improvements in the country's economic management.

They are taking their tune from the work of the Kraigher Commission, which finally produced in July a voluminous compendium of good intentions, such as calls for unification of the Yugoslav market, better pricing, tighter descipline for corporate debtors, more flexibility in the labour market, a switch from indirect to direct taxation and so on.

Some of these reforms will reach the statute book. So far, the most notable achievement has been a new system of foreign exchange allocation and of National Bank supervision of foreign borrowing.

Such measures are more controversial than they ought to be, since they involve an assertion of central control. Precisely because of that, they have been welcomed by outside institutions in the belief that a greater degree of centralisation will make the Yugoslav economy not only more effective but easier to deal with.

Yugoslav leaders do not choose to see it in quite that light. "We do not understand outside pressure for reform as leading to centralisation, but towards introduction of financial discipline," says Mr Miljan Radovic, a member of the presidency of the League of Communists.

He sees the federal government as simply trying to break down the regional protectionist barriers which have "balkanised" the economy and to make local governments and local banks respect market forces. To this end foreign pressure has been useful.

But Mr Zvone Dragan, the vice premier in charge of the economy, warns that further foreign pressure for centralisation may be counter-productive.

"If Western institutions want a federal guarantee on every loan and contract, this would negate the ABC of the market economy and push us into a state economy," he warns, noting that even Comecon countries are abandoning execessive centralisation these days.

Security

It is understandable that Western banks, companies and governments should want the maximum security on their business with Yugoslavia. But if the Yugoslavs do not want to abandon the essence of their decentralised system—and they stress emphatically they do not—foreign pressure may indeed lead nowhere.

Yugoslavia's federal leaders, in government and in the party (the League of Communists), want to plug the cracks in the system at their own pace and in their own way. They are worried about an evident rise in nationalism in the various republics and provinces, most particularly in Kosovo where an increase in policing and in economic aid has not stilled demands by the ethnic Albanian majority for more self-rule.

Nationalist slogans are now more openly expressed, at football matches and in the Press. The editors of two of the country's most influential newspapers, Politika and Danas, have recently been sacked for being too "liberal."

Many federal leaders also feel that many more decisions are taken by consensus or unanimity among the republics than the 1974 constitution ever intended. They believe that more decisions should be taken on majority vote.

Such a move would seem to have some public support. A majority in a recent opinion poll said that the second most important task for Mrs Planinc—behind curbing inflation—was to stand up to the republics.

On the other hand, Yugoslav leaders say they want to keep their "democratised" Press, and reject any notion of a general crackdown on its freedoms.

They rebuffed last year a proposal to reorganise the League of Communists along national, instead of republican, lines. They accept as inevitable that local party officials will openly espouse local interests. Anything less, they claim, would smother the Yugoslav system of "self-management."

In sum, Yugoslavs seem as convinced as ever that between East and West, Soviet-style centralism and Balkan anarchy, there lies a middle way.

The Prime Minister, Mrs Milka Planinc: seeking to improve the country's economic management.

BASIC STATISTICS

Area	256,000 sq km
Population	22.69m
Currency	The New Dinar
Exchange rate	U.S.$1=100.716 £1=153.367
GDP	2,410.2bn dinars†
GDP per capita	107,200 dinars†
Inflation 1982 32.9%; May 1983	35.6%
Registered unemployed	826,000*
Imports	U.S.$13,336m*
Exports	$10,247m*
Trade balance	—$3,089m
Defence spending (est.)	101.89bn dinars ($2.87bn)†

*figures for 1982
†figures for 1981

IN THIS SURVEY

YUGOSLAVIA II

Despite the indecisive results of the past four years the West is still backing the search for economic stability

Economic task involves renewed effort to meet targets

"WHAT'S A LIZARD? An alligator after it's been "stabilised." This quip going the rounds in Belgrade expresses the frustration of many Yugoslavs that their economy is still contracting in the fourth year of the country's "stabilisation" programme. Yugoslavia is having to plug away harder than ever this year at the same old strategy of compressing domestic demand, slashing investment and switching resources to exports.

It was not that last year's measures all went wrong. Price controls did have a slight effect on Yugoslavia's persistent inflation. Investment was cut (though not enough because import restrictions perversely bore more heavily on raw materials than capital goods). A one-shot 20 per cent devaluation of the dinar last October helped neutralise the gap between domestic and world inflation and revive foreign interest in Yugoslav exports.

But these were not enough for Yugoslavia to stave off its foreign debt payment crisis, with nearly $5bn due in principal and interest this year on a total debt of nearly $19bn. Luckily, Yugoslavia found an unprecedentedly wide response to its appeals for help from foreign institutions and governments. Its 1983 debts are now being rescheduled, short-term credit is being maintained and Yugoslavia is getting nearly $2bn in new money this year (see accompanying panel for details).

The degree to which this "mega-package" can head off future debt crises and obviate the need for future rescheduling depends of course on whether Yugoslavs can make the necessary changes in their economy. The basis of the short-term changes in 1983 is the programme which the Planinc government has agreed with the International Monetary Fund.

In sum, this calls for reductions this year of 20 per cent in investment, 7.5 per cent in real wages and 6 per cent in overall personal consumption, with limits on the expansion of the money supply of 18 per cent and 13.4 per cent in bank credit (both well below the inflation rate). If resources can be successfully switched into exports, then the government believes that the economy can still grow in real terms by 1 per cent, with a small increase in industrial output (problematic, because of shortages in some imported raw materials) and a 2.6 per cent rise in agricultural production.

Three steps

To reinforce the strategy of squeezing domestic demand and sharpening export competitivity, the Government has taken three steps, at IMF suggestion, this year:

- Faster depreciation of the dinar against a trade-weighted basket of currencies. This has led to a devaluation of the dinar by 50 per cent in the first seven months of the year, and is to continue.
- Interest rates have been raised, so that the benchmark National Bank discount rate on loans to regional banks now stands at 22 per cent. The National Bank is now charging 8 per cent to 12 per cent on even priority loans for exports or agriculture and much higher rates on other loans. To these levels the regional banks usually add a couple of percentage points before handing the money to the final customer. Rates on savings deposits, from one to three years, range up to 30 per cent. Substantial though these increases are, interest rates are still below inflation;
- Prices of coal and electricity (by 25 per cent), train fares (35 per cent), petrol (30 per cent), some food products (32 per cent) have all been raised this year. The aim is to align artificially low domestic prices with world prices. Rents are also being increased.

Is the strategy working? Too well, in some areas. The Organisation for Economic Co-operation and Development, for instance, believes that Yugoslavia is squeezing domestic demand more than necessary and is being heedless of the inflationary effect of its exchange rate policy.

The Government, too, is worried that real wages have fallen faster than planned—10 per cent in the first quarter of the year.

It says this trend in real wages must stop but how it plans to achieve this is not clear since its new counter-inflation policy is, if anything, more liberal than the largely notional "price freeze" introduced last year. The Government is anxious lest cuts in living standards spark unrest in industry, where real wages are now 20 per cent lower than in 1979. Not all Yugoslavs are worse off these days; farmers are fairly prosperous still and the many Yugoslavs with foreign exchange bank accounts have seen their value rise in dinar terms.

The Government is less worried about the effect of its monetary squeeze on corporate balance sheets, partly because it wants a much bigger reduction in investment this year (20 per cent compared to last year's 6 per cent fall) and partly because Yugoslav enterprises have generally shown themselves ingenious at evading the full rigour of financial controls. Nevertheless, investment fell by 10 per cent in real terms in the first quarter of this year and there is certainly a rise in the number of "illiquid" companies. This only very rarely translates into bankruptcies.

In theory Yugoslavia should be very vulnerable to a credit squeeze, since 80 per cent of their operating capital is drawn from banks and only a small proportion from their own funds. But they also supplement this by borrowing from each other. Through the state auditors, the Social Accounting Service, the Government is trying to impose greater financial discipline on enterprises, making it harder, for instance, for them to go on paying wage increases uncovered by revenue.

The supply side of the economy is also causing some concern. Shortages of certain imported raw materials and components, leading for instance to recent stoppages at the Crvena Zastava car and the 21 Maj engine plants in Serbia, have led to a downturn in industrial production. Mr Zvone Dragan, the vice-premier in charge of the economy, admits that the 2 per cent growth target in industrial output may now be unattainable. The shortages are easing as importers slowly draw on the new commodity credits from Western governments and structural adjustment aid from the World Bank.

Spot shortages of some consumer goods persist on the market—medicinal drugs, meat, milk and paper products remain in short supply—and Yugoslavs, it seems, can never get enough coffee. But stocks of cooking oil, detergents, sugar and flour have improved recently. The Government is only seriously concerned about such occasional shortages as they effect hard-currency earning tourism and has just alloted special funds ($114m) to improve supplies in tourist areas. Its main concern is to ensure that Yugoslav industry imports only that which it can profitably turn into exports.

Major changes

The longer term problem for the Yugoslav economy, going beyond the 1983 IMF programme, is how it can make better use of its new foreign loans than it did of its old. Some major structural changes have been made, the most important of which relate to the systems of foreign exchange allocation and bank supervision.

Yugoslavia has no free foreign exchange market for the simple reason that, for the last three years at least, demand for hard currency has vastly outstripped supply. It has tried a variety of piecemeal administrative measures, which finally culminated at the beginning of this year in a major revision of the 1971 foreign exchange law. This replaces the previous system, whereby individual republics were responsible for balancing their foreign exchange books and thus tended to hoard foreign exchange at each other's expense.

Under the new system Yugoslav exporters must surrender a fixed 25 per cent to the federal government (for the budget, national bank reserves and energy payments), up to a further 15 per cent to republican administration; the rest is then to be shared out among various producers along certain nationally agreed criteria. The problem to be overcome is how purely domestic suppliers for end-producers and exporters are to get a fair share of the foreign exchange proceeds.

The Government has largely dumped the task of getting agreement on this into the lap of the Belgrade-based Federal Economy Chamber, to which all Yugoslav enterprises must belong. A senior official of the Chamber, Mr Antun Stipanic, who knows the problem well from his time as president of Iskra, the Ljubljana-based electronics firm, admits that agreement on foreign exchange allocation in the various industrial sectors is proving difficult but is convinced the end result will be an improvement on the chaos prevailing over the last two years.

The second major change is that the National Bank, traditionally a rather weak central bank, has assumed tighter control of the country's foreign financial transactions by vetting foreign borrowings of the regional business banks and, as part of the 1983 rescheduling, acting as joint guarantor on new foreign loans. The country's five strongest banks—Jugobanka, Beobanka, Zagrebacka Banka, Ljubljanska Banka and Privredna Banka Sarajevo—have also been chosen to handle this year's new commodity loans from Western governments. This is likely to further attract domestic clients to the Big Five, spurring to some extent the trend towards concentration in Yugsolav banking. Executives of these banks also complain, however, that as part of this year's rescheduling they have been saddled with being made jointly liable for debts of their weaker brethren.

David Buchan

MEGA-PACKAGE OF WORLD AID

- The International Monetary Fund is providing $600m this year under a standby credit arrangement, paid out in tranches after a periodic policy review.
- The World Bank has agreed to make a structural adjustment loan of $275m, starting in the second half of this year, in order to finance needed imports of raw materials and semi-finished components, thereby easing bottlenecks in the economy. The terms (repayment over 15 years) are the same as those for regular World Bank project financing in Yugoslavia, which is also expected to be around $250m.
- Creditor commercial banks—around 580 of them—have agreed in principle to maintain their current level ($1.8bn) of short-term loans until the end of 1984, to reschedule over several years repayments of $1.4bn in medium and long-term loans falling due in 1983 and to lend $600m in fresh money. While these protracted negotiations have been going on since the start of this year Yugoslavia has been excused payment of principal though not of interest.
- 15 Nato and neutral governments in the West, plus Kuwait, have rallied round to provide aid of $1.35bn, though some of this is, as in the UK case, in the form of credit maturity extension. A minor part of the government aid is straight financial credit, the bulk ($1bn) is new trade credit to help Yugoslavia buy needed production materials.
- A short-term bridging loan from the Bank for International Settlements has been arranged.

YUGOSLAVIA'S BALANCE OF PAYMENTS

(Figures in $bn)

	1980 Total	1980 Convertible currency area	1981 Total	1981 Convertible currency area	1982 Total	1982 Convertible currency area
Exports	9.0	5.6	10.2	5.7	10.2	5.8
Imports	15.1	11.3	14.5	10.6	13.3	9.6
Trade balance	−6.1	−5.7	−4.3	−4.9	−3.1	−3.8
Net tourist receipts	1.5		1.6		1.4	1.4
Net emigrant remittances	1.5		1.7		1.2	1.2
Net transportation receipts	0.8		0.9		1.0	0.9
Net interest dividend payments	−1.1		−1.6		−1.8	−1.7
Other	1.1		0.8		0.8	0.6
Net invisible receipts	3.8	3.5	3.4	3.1	2.6	2.3
Current account balance	−2.3	−2.2	−1.0	−1.8	−0.5	−1.4

Source: OECD statistics.

Debt servicing requires a moderate switch in trade patterns

Hard currency the export priority

"WHAT WE are aiming at is about 40 per cent of our trade with the industrialised West, 34 per cent with Comecon and perhaps 26 per cent with developing countries," says Mr Vinko Mir, the Foreign Trade Ministry's ebullient director of relations with the West. This is in no sense an abandonment of Yugoslavia's even-handed non-alignment between Nato and the Warsaw Pact but a recognition that for the time being Yugoslavia must increase its hard currency revenues to repay its debts, overwhelmingly denominated in convertible currencies.

In fact, boosted by the faster slide in the dinar's international value, exports increased by 17 per cent in the first five months of this year, to hard-currency areas—above the level in the corresponding period of 1982. Imports paid for in hard currency fell by 19 per cent. This pincer effect brought the deficit down to $522m, 36 per cent below a year earlier, and the hard currency trade deficit to $400m, down 55 per cent on the same comparison.

Import controls

In absolute terms the improvement in the hard currency trade balance has come more from the import cuts, a source of concern to the Government because shortages of imported raw materials have begun to starve the export sector.

As a result the Government has deliberately skewed its import controls so that only a few consumer goods and foods (detergents and coffee) are being allowed in to relieve spot shortages in tourist areas.

The fact that most Western governments would prefer to extend credit for Yugoslavs to buy capital goods and machinery than for commodities was neatly anticipated and pre-empted by the Government this spring. It passed a law deliberately tying its hands from using the new credits for anything but commodities.

Mr Mir says that only about $800m in hard currency will be available to buy machinery and equipment this year. An attempt was made to restrict these purchases to $500m but this proved impossible under the long-term contracts under which capital goods tend to be sold. He admits this will leave a temporary gap—the second half of this year and 1984—in Yugoslav industry's modernisation. But financial stabilisation comes first.

The trade balance's improvement this spring, which will only last if the industrial supply situation at home improves, was reflected in a better ratio of exports to imports—82 per cent in the first seven months of 1983 compared to 74 per cent a year earlier. This should ease the pressure by Yugoslav companies for their foreign partners to take goods in counter-trade.

The Government last year orchestrated some of this pressure by drawing up a "black list" of countries (including the UK) whose purchases from Yugoslavia were less than 30 per cent of their sales to Yugoslavia. All the Foreign Trade Ministry did was to require Yugoslav enterprises to get virtually automatic permission when buying goods from the listed countries. Mr Mir says the system was abandoned after three months because of the extra paperwork it created.

Counter-trade with Yugoslavia has in fact become easier as a side-effect of the new foreign exchange law which abolishes the old management of foreign exchange allocation republic by republic. This means, to take an actual example, that U.S. companies like Boeing or McDonnell Douglas selling jets to the Belgrade-based JAT airline will no longer be limited to Serbia for goods they agreed to buy in counter trade.

Relations with the EEC this year have been marked by a greater than usual exchange of visits and missions, including Mrs Planinc's trip to Brussels and the well-attended tour of Yugoslavia which the Brussels Commission organised for EEC businessmen to examine prospects for an increased number of joint ventures and industrial co-operation. But little of this has translated into trade benefits because of the protectionist and cautious business mood which still reigns.

Heavy trader

As and when the Western business cycle picks up, so will the oil market, a factor which will have a major effect on Yugoslav exports.

The Soviet Union remains Yugoslavia's biggest single trading partner, swapping Soviet oil and raw materials for Yugoslav fashion textiles and finished machinery, to considerable mutual advantage. The two countries conduct trade on a bilateral basis, settled by barter. It thus benefits Yugoslavia to run a deficit with the Soviet Union as it did in the first quarter of 1983. This deficit may be further increased by the Soviet promise, made by Soviet Premier Nikolai Tikhonov in Belgrade in March, of 20 per cent more oil this year. This in turn will help Yugoslavia reduce its hard currency oil import bill this year.

David Buchan

David Buchan examines Yugoslavia's regional policy. Friction between the country's 18 nationalities has increased recently.

Federation secure despite regional rivalries

"WE DO not believe that any of Yugoslavia's nationalities see a future for themselves outside Yugoslavia," said Mrs Planinc in an interview recently.

This seemed to be the Prime Minister's way of acknowledging: yes, friction between the country's 18 nationalities had got worse recently, the six republics and two autonomous provinces have been baulking at those central government stabilisation measures which went against their interests, national rivalries have sometimes flared into the open at football matches or in the Press; but no, none of the nationalities or regions seem the slightest bit ready to quit the Yugoslav federation. The very external forces which have aggravated Yugoslavia's internal problems also make the outside world appear the more hostile.

This even goes for Kosovo, where two years ago demonstrations by many in the province's ethnic Albanian majority calling for full republican status were bloodily suppressed and where tension still runs quite high. Violent incidents between the Albanian majority and the fast-emigrating Serb minority break out sporadically and since March 1981 several hundred Albanians have been sent to jail for long sentences. On the other hand federal politicians in Belgrade now seem more confident that any secessionist tendencies have been stamped on and that the bread-and-water regime of Mr Enver Hoxha has done, and can do, little to attract the Kosovars into pooling their fortunes with neighbouring Albania.

No matter how firm the security policy of her Interior Minister, Mr Stane Dolanc, Mrs Planinc says she is also well aware that "economic problems feed nationalism," not only the general economic squeeze on Yugoslavia but also the regional income disparities within it.

In the "poor south," Kosovo has a per capita Gross National Product of the Yugoslav average, Bosnia-Hercegovina 66 per cent, Macedonia 65 per cent, Montenegro 80 per cent. They all receive money from a central regional fund.

The North

In the "rich north," Voyvodina has 121 per cent of the national average, Croatia 126 per cent and Slovenia 198 per cent. Serbia, with 96 per cent of the national average, is a middle case but too large and too proud to accept money from the regional fund.

There are two sources of income redistribution. One is the 0.8 per cent of republic and provincial income which the federal government creams off to boost social services in the poorer areas. The second is the 1.8 per cent of their income which all Yugoslav companies must pay into the regional fund.

Because money "thrown" at the underdeveloped south has frequently been misused and, in aggregate, done nothing to narrow the gap with the north since the regional fund was started in 1966, changes in the fund were made two years ago. The first change was to allot a higher proportion (44 per cent) of direct regional fund grants to Kosovo than earlier.

The second step was to reserve 50 per cent of the development assistance resources to back joint ventures between companies in the rich north and poor south of the country. The aim is to get the more efficient companies from the north to lend a direct hand to those in Kosovo and elsewhere in the south which lack management, technical and marketing skills even more than physical resources.

As Mr Klime Corbe, a regional policy expert in Belgrade, notes the move has only been partially successful. In 1982 and the first four months of this year some 300 joint ventures were set up, involving some 800 enterprises. From the north, Slovene companies led the way, followed by those from Croatia, Serbia and Voyvodina. But the leading location for the new joint ventures was Bosnia-Hercegovina, followed by Macedonia, Montenegro; Kosovo came in last place with only 35 new ventures on its soil. So far, too, only about 25 per cent of the resources have gone into joint ventures instead of the 50 per cent envisaged.

However, it is at least a start. Most of the new investment in the south has been concentrated in labour-intensive industries like textiles, metal processing, agriculture, electronics and cars rather than in capital-intensive industries like energy and mining which do relatively little to ease unemployment (particularly bad in Kosovo). One complication is that in the Yugoslav system it is theoretically difficult for one "self-managing" company to hold a long-term stake in another. For this reason the duration of the new investments from the north will generally be 14-17 years, or the maturity of the regional funds credits. But Mr Corbe hopes that within that timeframe permanent habits of co-operation can be forged.

By some social and economic indicators such as health, education, industrial production and energy output per head the disparities between the Yugoslav regions are narrowing, Mr Corbe says. On other criteria such as employment and overall economic growth the gap is at least no longer widening, he claims.

A key factor in the future of Yugoslav regional policy will be the federal government's current efforts to break down local protectionist barriers, to get a better flow of capital and maybe labour around the country and to recreate a single market. It is theoretically possible that such efforts could aggravate disparities, as has happened in the EEC. To take an extreme example, all capital and labour would flow to Slovenia where it would fetch the highest return and wages. But since many of the poorer regions have large natural wealth, minerals and energy resources coupled with lower wages, the effect of a more unified internal market should, on balance, be positive.

MORE HELP FOR THE SMALL BUSINESS SECTOR

FACED with falling industrial production, growing unemployment, and a persistent trade deficit, the Government has been discovering the vast unused potential of small businesses, both private and in the socialist sector.

Recent analyses show that expanding it could pay big dividends. As a result a campaign has been launched to develop that part of the economy.

At present, small business accounts for only 2.5 per cent of the gross social product and employs some 500,000 people, less than 10 per cent of the workforce, most of them self-employed. Its share in exports is negligible.

But Yugoslavs have discovered that in many developed countries the share of small business in the economy is 10 or 20 times bigger depending also on the definition of it. Some studies show that, in Yugoslavia, small scale industry, crafts and the like could easily and quickly attain a 15-20 per cent share in the GSP and employ 1.5 to 2m workers which is double the current number of unemployed. They could also produce many exportable goods and substitute for imports.

Studies have concluded that small scale enterprises were "a very significant factor and indispensable element of the development policy," and that "as a society developed, the share of small business increased," as did a geographically dispersed tertiary sector largely consisting of small service organisations.

Large volume production requires a broad spectrum of complementary productions which could be organised in small and medium size manufacturing units.

Outside the system of volume production there remains a considerable number of goods and services whose production is easier adaptable to market requirements if carried out in small units.

In addition to these theoretical conclusions, Yugoslav experience also shows the merits of small business. While creating a job in industry costs some 1.5m dinars (£11,500), five jobs could be created for the same cost in small-sized businesses.

So, efforts are being made to attract investors into the small business sector. Yugoslav workers abroad are a special target group. They are invited to return and invest their foreign exchange savings in small production and service facilities. They may import equipment duty free up to a certain value and are promised priority in processing applications for work permits.

The policy regarding small business is not entirely new. It was proclaimed years ago, but never fully implemented because of the de facto opposition of most local governments who have considered private businessmen to be potential capitalists and therefore a danger to Socialism.

Local bosses could not flatly reject applications by private craftsmen or traders, but harassed them in many ways, asking for dozens of documents, processing applications for months or years, refusing premises, or sending inspectors almost daily. Whether the new Federal government campaign on behalf of small business will fare better remains to be seen.

Aleksandar Lebl
Belgrade Correspondent

Industrial production falls

INDUSTRIAL production in Yugoslavia, which stagnated last year at only 0.1 per cent growth, has been falling so far this year. In the first six months industrial output was 0.1 per cent higher than the same period of 1982 and prospects have been uncertain for the rest of the year. Mr Zvone Dragan, vice-premier in charge of the economy, admitted it was unlikely that the target of a 2 per cent growth could be met.

The main reason for this has been a big cut in imports of raw and intermediate materials, especially from the developing countries and western developed countries. Drastic reduction of imports has been impairing normal production processes in most industries, some of which had to temporarily shut a number of plants.

This has been caused by the shortage of foreign exchange. The situation will improve only when the financing of imports is secured either through higher exports of Yugoslav goods and services or through foreign commodity and other credits.

Materials

In Belgrade it has been expected that all arrangements with 15 Western governments and close to 600 foreign commercial banks, as well as with the World Bank will be soon concluded. This should enable import of raw and production materials to increase, which in turn would lead to a modest recovery of Yugoslav industry, showing perhaps a growth of some 1 per cent for the year as a whole. So far, only the U.S. commodity credits have been fully used, to buy agricultural products including cotton.

The Yugoslav federal government does not want all industries to grow evenly, but rather to have a differentiation among them leading to structural changes. Industries using large proportions of imports or energy should grow slower or even decline, while export-oriented or import-substitution sectors, and those industries using domestic materi?s resources and labour are to grow faster.

It is now considered a mistake that processing industries were favoured and the local raw materials base for them was neglected, resulting in excessive reliance on imports. Imports must be matched by foreign exchange earnings; otherwise Yugoslavia can only import, increase domestic consumption and go deeper and deeper into debt. This is the lesson which the government hopes every Yugoslav company and individual have learned.

The same applies to the transfer of foreign technology. Buying it has been necessary, but not at the expense of neglecting domestic research and development. The latter has to be developed, if for no other reason than to be able adequately to use foreign licences and know-how.

Another lesson hopefully learned has been that there is an optimal level of investment; exceeding this in the zeal to accelerate development produces more harm than good. At the beginning of the current decade investments in fixed and working assets in Yugoslavia amounted to some 43 per cent of the gross social product (GSP) of the country, perhaps a world record. That could not be sustained, and the aim is to reduce investments to almost half that proportion of national income.

Only modest success has been achieved. Investments have gone down to some 36 per cent of the GSP last year. The target of reducing them by 20 per cent this year is unlikely to materialise in view of the stubborn resisance of would-be investors and their local political sponsors to abandon or postpone projects.

Behind "investomania" lie some very noble motives like developing a region or creating jobs for some of the 800,000 unemployed in the country. The system, in the past, favoured investors. The interest rates they had to pay were very low compared to inflation rates, so that the best way of preserving the value of funds was to invest in plant and machinery. Money was repaid at a fraction of its real value after a few years.

Trade gap

The sorry result has been the big discrepancy between industrial processing capacity and the raw materials base, a large trade gap, a low rate of use of capacity (less than two-thirds), and overlapping capacity.

The federal government has been trying to remedy the investment situation. A total ban has been introduced for new non-productive investments and even for productive investments conditions have been made a lot stricter. Interest rates have gone up and credit has been tightened. Banks, whose lending capacity has been considerably curtailed, will be held responsible for projects they finance — strangely enough not the case in the past. They will have to improve their project assessment.

Political interference in investment decision-making has been criticised, but not eliminated. Efforts will continue to reduce politicians influencing the choice of production programmes, capacities and locations for new facilities so as to avoid construction of "political factories" in the future.

There are obvious dangers in greatly reducing investment in a country like Yugoslavia which needs new jobs, especially for its young and educated generation, and which has many bottlenecks in its economy, stemming from undeveloped infrastructure. But the greater evil is maintaining the high investment level, which has fuelled inflation, and balance of payments deficits.

A. L.

Farmers in Yugoslavia are relatively affluent, compared to other workers. Now national leaders are looking for further incentives to encourage greater production, as Aleksander Lebl reports.

Moves to boost agricultural output

IN reappraising their economic strategy, Yugoslav leaders have concluded that priorities should be shifted in favour of raw materials, other base products, energy and especially food. The new decision is to speed up the development of agriculture, not only to cover growing domestic needs but also to enable substantially higher exports.

Between the two world wars Yugoslavia was a big exporter of wheat and maize, fruit, cattle and meat. After the last war it became a net importer, not only of coffee, cocoa and other crops it cannot grow but also wheat, protein feed, oilseeds and the like. Last year it imported some $1.5bn worth of these products, of which less than one quarter of those not grown locally. At the same time it exported $1.2bn worth of agricultural goods.

There are several reasons why a traditional food exporter became an importer. There has been an almost 50 per cent growth in population in the last half century in spite of heavy toll during the war. Nutritional patterns have changed. Whereas the bulk of Yugoslavs used to eat maize instead of wheat bread, the former may be found only as a specialty in ethnic restaurants now.

While a lot of people used to be undernourished, an average Yugoslav today eats too many calories. The composition of his or her food is not good by nutritionists' standards, for there are more fats and carbohydrates and less proteins than needed. The population pattern has changed from threequarters rural to threequarters urban now which has itself induced changes in the diet.

Agricultural production has been increasing since the war. Compared to pre-war averages both total output and average yields of the most important crops increased 2.5-3 times. But that has not been enough to satisfy local demand for some of them, including wheat, soyabeans and other high protein feedstock, as well as wool, cotton, hides, etc.

Could do better

In spite of such comparatively good results, the feeling has been that Yugoslavia could have done much better in the field of agriculture. Its soil and climate are such that it could produce a lot more than it does and have big exportable surpluses with which to finance imports of energy, raw materials, necessary equipment, and consumer goods.

Yugoslavia illustrates well the fact that industrially developed countries find it far easier to attain high levels of food production than the less developed ones. In modern farming various chemical agents — fertilisers, pesticides—are essential for high yields. Yugoslavia has considerably increased its output of these chemicals, but not enough to satisfy all needs. Importing them depends on the availability of foreign exchange.

The same is true of farm mechanisation. A strong industry of farm machinery has been built and it can manufacture most of what is needed but it also does lack foreign exchange for import of steel, rubber and various parts and components. It has to export its products but it has not been very successful in this. Thus only higher agricultural exports can help which in turn depend on imports and there seems to be a vicious circle there.

Another problem is the pattern of Yugoslav agriculture. Some 80 per cent of land is owned by private farmers. But ever since the agrarian reform immediately after the war there has been a ceiling on private land ownership: 10 hectares of arable, plus some pasture, forests, etc. But few households own the maximum. In Serbia, the largest constituent republic, the average per household is 3.5 hectares, and even that is usually split into nine separate plots dispersed over a wide area.

Obviously, it is impossible to organise rational farming on these small patches, although in the vicinity of urban centres farmers can make a good living growing, mainly, vegetables. The policy of the government was to organise farmers in co-operatives, in which it was not very successful. The main reason has been that farmers have not felt co-operatives to be truly their own organisations. As of recently, the emphasis has been on letting farmers themselves choose the organisational form that best suits their needs and to let co-operatives manage themselves without any outside interference.

Export services

The second thrust has been to link individual farmers and their co-operatives with large agricultural-industrial "Kombinats" in the socialised sector on the basis of profit and risk sharing.

"Kombinats" can provide various expert services for farmers, by marketing or processing their produce on a contractual basis and sharing revenue according to an agreed formula. So far, the results have been good.

There is growing talk of raising the private plot ceiling to 20 hectares or more. Immediately after the war it was politically unacceptable to create large private farms when many agricultural workers had no land of their own. This has now changed. Not only has the rural population declined but there are whole regions of Yugoslavia with not enough farmers because the transfer to industry and services has been too rapid. In many households there are only old people with no heirs to take over. They let the land in return for a small rent. On the other hand, many farmers could easily cultivate 20, 30 hectares or more with the machinery and implements they now possess.

One problem has been the lack of motivation for farmers to produce more. Of all social classes in Yugoslavia, farmers have benefited most from social changes which have taken place. They have reached a relative affluency compared to workers or intellectuals. They increasingly get the same social benefits and pay lower taxes. They build nice houses buy tractors and other machinery, trucks, cars, white goods, furniture and the like, and still have money to spend.

Monopoly

They have a virtual monopoly on the market of fruit and vegetables but also of cereals, which they sell way above world prices. So why bother to work harder in order to produce and earn more? Thus the main problem for Yugoslav leaders is to find ways and means of providing incentives for the farmers to improve their performance and also to secure all necessary inputs for agricultural production regardless of the sector, private or socialised.

Dubrovnik: centre of Yugoslavia's south Adriatic tourist trade

Ancient city becomes a popular tourist venue

Dubrovnik attracts a tenth of all Yugoslavia's tourist income, as David Buchan reports.

"A LOT of foreigners think Dubrovnik is a surrogate capital of Yugoslavia," says Mr Ferdo Zivkovic, president of the regional executive council, proudly.

He points out that, for the many people who fly direct or stop off on their cruises there, hot, dusty Belgrade and the great inland mass of the country do not exist.

Increasingly, too, Yugoslav politicians and businessmen find that their foreign counterparts like to talk matters over in Dubrovnik, a wish they are happy to grant.

Mr Zivkovic is confident that Dubrovnik, which alone takes in a tenth of the country's tourist income, will see a further increase in tourist turnover this year.

Dubrovnik is the centre of Yugoslavia's south Adriatic tourist trade. Inland lies Bosnia-Hercegovina, a chunk of the former Ottoman empire and a still thriving Moslem culture in the heart of Europe, with bus-rides following the old caravan trail up through Mostar to Sarajevo.

To the south is Montenegro, the only republic of Yugoslavia to boast of never being occupied by non-Slav foreigners in historic times, with an old culture and newer nudist beaches. To seaward are the Elaphite islands, some tiny like delightful Lopud, where sea captains and pirates sank their money into villas, others bigger and better known like Mljet and Korcula.

Earthquake

But the old city of Dubrovnik is the biggest stone in the diadem. The stout walls of the city helped preserve—whenever diplomacy or money failed—several centuries of independence for the maritime republic of Dubrovnik. But they were shaken somewhat by the 1977 earthquake (though not as badly as Montenegro), and a few cranes standing incongruously over the city attest to the restoration under way. This will eventually cost upwards of £100m, with hefty contributions from the republic of Croatia and the federal government, Mr Zivkovic says.

There has been one spectacular compensation, however. In the process of shoring up the present cathedral, and below the foundations of the 13th century cathedral (built partly with money from Richard the Lionheart in thanks for being saved in a shipwreck on this coast, and destroyed by a 1667 earthquake), the remains of one still earlier have now been uncovered.

The discovery of this church, with frescoes still intact, pushes Dubrovnik's known history back several centuries, and shows it to have been a sizeable settlement before the 7th century Slav invasion. Mr Bozo Letunic, the city architect, now plans a crypt museum, probably unique in the world, where remains of the two previous churches will be visible beneath and within the walls of the current one.

But since archaeology is not the crowd-puller it should be, the city fathers are making other plans to boost tourism. For the high season, when it draws many Yugoslav holidaymakers, the Dubrovnik area is at saturation point. It has only 17,000 hotel beds (less than 5 per cent of the national total), though some are in high-class establishments like the Argentina, Excelsior and Imperial, hard-by the old city walls.

So the only answer, Mr Zivkovic says, is to extend the season into the winter months, where the average daytime temperature is 12 degrees centigrade, or about the same as Majorca.

This is being done by promoting business conferences and off-season tourism. The British, it appears, are particularly fond of the latter, which is partly why they amounted to 16 per cent of all foreign tourists coming to Dubrovnik last year. With the rotten early summer weather in Britain this year, it looks as though that proportion will be even higher in 1983.

City officials are confident that shortages of certain basic goods and foodstuffs are a thing of the past, at least as far as Dubrovnik is concerned. They worry that the area lacks enough artefacts and fancy products for tourists to spend their money on—their general interest being to relieve the tourist of as much money as possible and to spread the fruits of foreign exchange as widely as possible. But few foreigners are probably bothered about this, particularly when such staples as sljivovica plum brandy are available for just over £1 a litre.

Success follows new 'dinar cheque' scheme.

Substantial rise in tourism earnings

TOURISM, always a big item in Yugoslav invisible earnings, should bring in some $1.15bn this year, up from the disappointing level of $844m last year.

This is the forecast of Mr Ante Ukic, assistant federal secretary for tourism, who attributes the rise to three particular factors: an eradication of goods shortages which has drawn tourists back to Yugoslavia; progressive devaluation of the dinar which has kept Yugoslav package tours more competitive with those offered by Spain, Greece and Italy; and a new "dinar cheque" system.

Under this system, tourists change their foreign exchange into dinar cheques which can be used to get a 10 per cent discount in almost all hotels and restaurants. Unused dinar cheques can be turned back into foreign currency. The Government's aim is to encourage tourists to change their money officially and to stem the flow into private Yugoslav hands and bank accounts. So far the scheme seems to have been very successful.

Comparison

Receipts from tourism showed an enormous nominal 40 per cent rise in the first seven months of this year, compared with the same period of 1982. Mr Ukic admits, however, that much of this is simply a reflection of petrol rationing in Yugoslavia and the fact that petrol coupons can be bought abroad by tourists before they arrive in Yugoslavia.

The Mitterrand currency restrictions on French travellers have little effect on Yugoslav business, partly because some shorter Yugoslav holidays are cheap enough for French tourists within their legal currency allowance, and partly because the French in any case are in fifth place among tourists in Yugoslavia—behind the West Germans, Austrians, Italians and British.

On the other hand, the new dinar deposits required of Yugoslavs travelling abroad are expected to persuade more Yugoslavs to take their holidays at home this year. This will hit Italy, Austria and Greece—the most popular destinations for Yugoslavs — but will improve the Yugoslav balance of payments.

For the future, Mr Ukic says the plans are to diversify the tourist industry in several directions. There is a switch from building big hotels to smaller complexes of tourist apartments and also private pensions, an effort to create more sports and recreation facilities, and a move to get a better geographical spread of tourism.

Examples of the latter are the facilities which Croatia is building away from its coast, the involvement of Slovene and Croatian companies in tourism in Macedonia and Montenegro, and measures to get a better supply of inland artefacts and crafts to the Adriatic coast.

David Buchan

Busy market place at Sarajevo

Games begin at Sarajevo in five months' time.

High hopes for Winter Olympics

WITH exactly five months to go until the 14th Winter Olympic Games in Sarajevo, the organisers are confident it will be a financial and sporting success. This year Yugoslavia may have had patchy snow and a distinctly chilly financial climate but Mr Emerik Blum, formerly major of Sarajevo and president of its big conglomerate, Energoinvest, has no doubt about next year.

"As a businessman nearly all my life, I can say the Olympic Games are a good investment in the country," he claims. Other leaders in Sarajevo's home republic of Bosnia-Hercegovina are equally bullish.

Outside Bosnia, there is still some scepticism. The five other republics and two provinces fear the Games could be an expensive flop, and that, if so, they will have to shoulder the bill. Past financial experience of hosting international sporting events, such as the Mediterranean Games in Split and the World Table Tennis championships in Novi Sad, has not been happy.

But the Sarajevo Games will be different, its organisers say. Mr Branko Mikulic, president of Bosnia and also of the Games' organising committee, goes so far as to claim that next February's winter events will not only break even, but bring into financially-strapped Yugoslavia a net inflow of $80m in precious foreign exchange.

Sarajevo hopes that the Games will put it on the map as a major winter sports centre, and not just where the place Gavril Princep shot the Archduke and ignited the First World War. The ambition of the organisers is that all the investment will be recouped by the time the Games close on February 19, 1984, so that the facilities can be turned over, debt-free, to commercial operators.

Whether that will remain a dream or become reality it is too early to judge. The total cost will stag within the $140m budget, the organisers say. About a third of this is to be provided in equal portions by the city of Sarajevo, the republic of Bosnia, and by other republics and the federal government. So far more than $100m in foreign exchange has been secured through the sale of television and marketing rights.

Paradox

If the Games break even or make a profit, it will be partly thanks to high inflation (which has been a pestilence in every other sphere of the economy). This seeming paradox stems from the fact that most of the costs are in dinars and in fixed price contracts, and relatively little is being bought abroad. More foreign exchange is being earned than spent, and in dinar terms, the value of the foreign exchange will have at least quadrupled over the past four years of construction. In early 1980 one U.S. dollar was worth 20 dinars and it is now worth 100 dinars.

The Sarajevo Games have some of the prerequisites for success. The mountains themselves are beautiful, and the runs on them numerous, well-constructed and safe. "Almost perfectly adjusted for all events", in the opinion of Mr Mark Hodler, president of the International Skiing Federation.

The city is exotic, marking the northern limit of Islam's expansion into Europe with many mosques. A crash effort is being made to build more hotels, halls and medium-sized boarding houses. But access to the city is a problem.

Sarajevo is well connected by road and rail to the rest of Yugoslavia, but is of course a certain distance from the big cities of western and central Europe. Air transport is therefore vey important to the city. But it lies in a narrow valley and its airport is sometimes closed by fog or high wind. Other airports, Mostar, Dubrovnik, Split, Zagreb and Belgrade, will be used extensively, and their train links to Sarajevo improved.

A. L.

THE ARTS

Television/Chris Dunkley

The coin meter factor

Scene from "Reilly": more of the same if we paid as we viewed?

Suppose for a moment that you had to pay to watch television, programme by programme, just as you pay to go to the cinema or theatre, or for a book or magazine: what would you have watched during the past week? The answer from most readers of this newspaper would probably be precious little. If British television had evolved on a pay-per-view basis instead of a "public-service" system viewers would presumably be far more choosy about what they switched on.

This would no doubt be especially so if, rather than a credit system with quarterly bills sent in arrears, you actually had to feed money into a slot on the television before it would show you anything. On the credit side we would doubtless prove to be infinitely more discriminating, though on the debit side we should presumably be subjected to even more ludicrous and offensive waves of hype than those for *Reilly Ace Of Spies* and *The Winds Of War* which have recently been boring us to distraction.

The Winds Of War has not even started yet but already it is inspiring all sorts of objections: can there really be anything worth saying about World War II which hasn't already been said a dozen times? Isn't there something deeply unhealthy about television's perpetual regurgitation of the subject? And if we must keep on going over and over it could somebody in America please make a note that it actually started well before 1941?

My own list of programmes from the past week which would have been worth money in the slot is pathetically short, considering that we now have four channels running morning, noon and night (even Channel 4 is currently opening at 9.30 in the morning with live coverage of the TUC conference).

The list contains just six titles, an average of less than one programme per day, of which one is a cinema film, one a 14-year-old repeat, one a live music relay, another a live sports programme, and one an investigative documentary. The sixth was Thursday night's news.

This would certainly have seemed worth buying at the time; rumours and contradictions about the Korean airliner had been flying around for hours and as usual nowadays one looked to the main evening bulletins for the most recent developments. Sure enough they were there in BBC1's *Nine O'Clock News* but so were the primary school solecisms which now serve as a trademark for a once exemplary programme.

Defence correspondent Christopher Wain decided that since the word "tit" occurs in the middle of "latitude" it should also be inserted in "longitude," and Falklands award winner Brian Hanrahan reporting from China told us "It has left he and his family . . ." If pay-per-view did operate, that sort of slovenliness would by now have ensured that I saved my money for BBC2's *Newsnight*.

The live music and the documentary were also broadcast on Thursday night: in BBC-2's *Edinburgh International Festival* Handel's "Music For The Royal Fireworks" was relayed live from the Princes Street Gardens while a very superior display of mortars and rockets exploded from the castle walls above, one particularly striking effect being a waterfall of fire. Director Hilary Boulding was set the almost insuperable problem of finding a vantage point for the camera which would allow sight lines to the conductor, orchestra and night sky all at once and presumably can only have solved it by persuading somebody to lie supine in the bottom of the gully. The programme was a lot of fun and conveyed much of the spirit of Edinburgh at festival time.

BBC-1's *Secrets* produced by Sue Bourne and presented by Ed Boyle is far and away the most interesting documentary series currently on television. Television is exactly the right place for investigations of the obsessive, anti-social and downright dangerous secrecy which characterises so many British institutions from the Think Tank to the Alkali Inspectorate whose ludicrous imitations of brainless clams were treated by Boyle with just the right mixture of explanation, incredulity and ridicule.

The sports programme was on the previous night: BBC1's *International Athletics* from Koblenz. Even though the line "TV Presentation German TV Service" in Radio Times set alarm bells ringing since nobody in the world covers athletics as effectively as the BBC, I would still have paid on a slot meter simply for the opportunity to watch Ovett attempt to regain his 1500m record. Sure enough the Germans managed to hide the runners for most of the race behind a vast digital clock and of course Ovett failed that night. Yet I would not have felt cheated under a pay-per-view system; as with so much sport on television it was the opportunity to watch live which mattered.

The repeat was the ninth episode of *Civilisation* on BBC2 on Friday night. It is true that the style of presentation adopted in 1969 by Kenneth Clark sometimes seems arch today, and his accents and attitudes may sound unacceptably patrician to some ears or even intellectually arrogant in this demotic age. Yet I would have paid for this programme more readily than for any other last week. Quite simply television has still not come up with anything in this genre which is as good, let alone better.

The movie was *Close Encounters Of The Third Kind*, screened by ITV on Saturday night, and the telling point is that despite having seen it previously in the cinema and even acknowledging that it was virtually emasculated by being delivered through a little box in the corner of a brightly lit sitting room, it still seemed like the week's best value in entertainment and consequently one of the programmes most likely to attract money in any pay-per-view system.

Among the many programmes which would have driven one to start demanding refunds if such a system were operating, TV-am's *Good Morning Britain* stood head and shoulders clear—so far as the final half hour, at the almost reasonable time of 9.00 to 9.30 is concerned, anyway. All the talk about Roland The Rat saving ITV's sinking breakfast ship seems hopelessly misplaced: any keen child viewer could tell you that "Rat On The Road" is a non-event. What has pulled in the school holiday audience is obviously the succession of old American animated cartoons blocked into that half hour. Almost every child viewer from three to 13 will watch cartoons for as long as anybody will show them and TV-am has shamelessly ditched its last fragments of self-respect (and destroyed any remnants of respect left for the IBA) by cashing in on that fact.

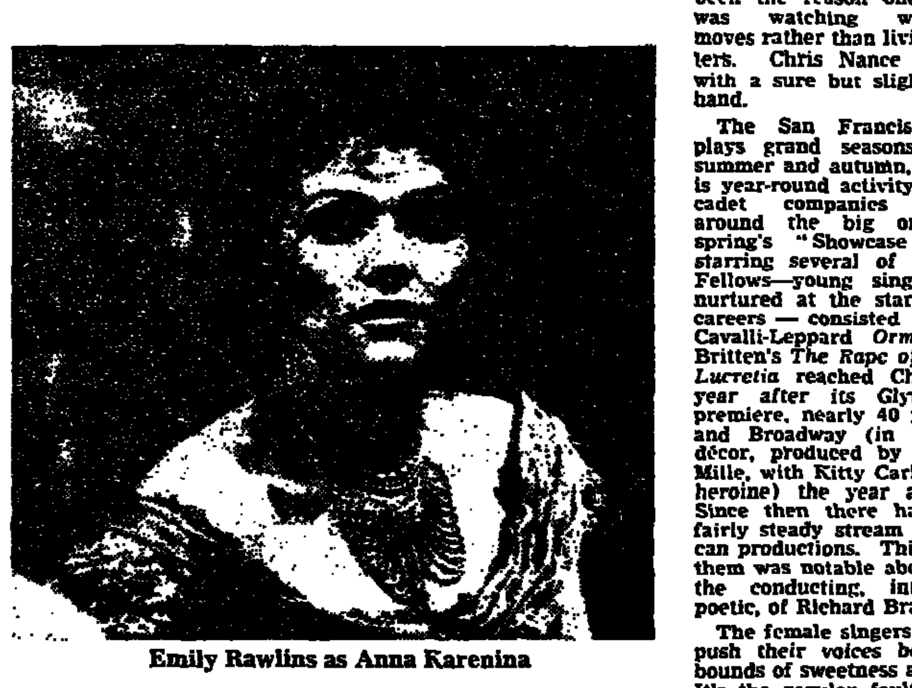
To be honest, however, that is not the sort of thing which would cause the viewer most annoyance if slot meters were the rule; after all we have learned pretty well what to expect from TV-am.

The really infuriating programmes would be those such as BBC2's *Kings Of Infinite Space* and ITV's *All For Love*, both on Sunday night, which sounds promising beforehand but prove in the event to be unsatisfactory. *Kings Of Infinite Space* was that rare phenomenon, a programme about architecture and what's more one which seemed ready to take on the sticky question of modern architecture and public taste. Unfortunately it turned out to be concerned solely with the tastes of an American named Charles Jencks who appeared to think that Americans Frank Lloyd Wright and Michael Graves were the only two architects of note since Brunelleschi. Far from helping public understanding this programme bid fair to destroy what little may previously have existed.

The first playlet in ITV's new *All For Love* season, "Down At The Hydro," would have attracted lots of money to lots of slots because it starred Ian Carmichael and Jean Simmons. For some viewers that alone might prove sufficient, but others—upon discovering that the 60-minute story made events in *Crossroads* seem like a headlong rush, and the plot of *Brief Encounter* appear impenetrably complicated—might have sworn never to waste another coin on the series.

One way and another, paying for what you want rather than accepting what the broadcaster thinks you ought to have seems like an interesting proposition. The trouble is nobody has proposed it.

British operas in California



Emily Rawlins as Anna Karenina

Los Angeles is a large city with an established symphony orchestra but no large opera company. From 1937 to 1964 opera was provided by the annual visits of the San Francisco Opera to the huge Shrine auditorium. This was succeeded by the annual visits of the New York City Opera to the Dorothy Chandler Pavilion (which, at 3,250 seats, is only half the size of the Shrine), but these, too, have now ceased. The Giulini *Falstaff* was a once-off special event. A local company, the Los Angeles Opera Theatre, now in its fourth season, playing in the Wilshire Ebell Theatre, seeks to fill the gap. It produced three operas this year, playing each of them twice, *Tosca*, *L'Elisir*, and Iain Hamilton's *Anna Karenina*.

Anna Karenina, commissioned by the English National and performed by them in 1981, is the first of Hamilton's operas to be done in America, even though he lived here for 20 years. (The eight includes the ENO *Dick Whittington*, composed but not yet produced, and *Lancelot*.) The New York City Opera thought of importing the ENO production of *Anna* but found it too expensive. The Los Angeles company mounted it handsomely but in a manner that spells dramatic death to just about any opera—behind a gauze curtain.

Onto this gauze the scenery was projected. Behind it, the actors played in pools of light and there was some furniture. The design, by Ronald Chase, and the lighting, by Nananne Porcher, were of high accomplishment. It all looked good. But it was like watching a drama—and seeming to hear it—through a fog. Or seeing a 3-D movie at which, instead of having the lions in your lap, you saw them prowling only behind the screen. Moreover, the instrumental interludes became an accompaniment to movies. How few modern producers seem to understand that stretches of purely orchestral music, without "visuals," provide opera composers with a powerful dramatic resource: adding pantomimes or pictures (as in the Covent Garden *Ring*) simply lessens their impact.

On the whole, I agreed with Winton Dean, writing after the ENO premiere, that *Anna Karenina* "seemed a thoroughly viable opera of the second rank." It's carefully and thoughtfully made. But the lyricism doesn't soar. One waits in vain for melodic gestures that open the listener's heart to the character's. *Anna Karenina* is an opera that Janacek should have composed. (He did embark on it, but only a few sketches remain.)

Emily Rawlins, the Anna, had a tone that turned acid under pressure, but she etched an able performance. Evan Bortnick's Alexei lacked character in his singing. Judith Christin's Dolly was warm and attractive. There were three good baritones: Lawrence Cooper (Stiva), Roger Roloff (Karenin), and James Rensink (Yashvin). Richard Pearlman's production was clearly and effectively laid out; that damnable gauze may have been the reason one felt one was watching well-devised moves rather than living characters. Chris Nance conducted with a sure but slightly heavy hand.

The San Francisco Opera plays grand seasons only in summer and autumn, but there is year-round activity from the cadet companies clustered around the big one. This spring's "Showcase" season, starring several of the Adler Fellows—young singers being nurtured at the start of their careers — consisted of the Cavalli-Leppard *Ormindo* and Britten's *The Rape of Lucretia*. *Lucretia* reached Chicago the year after its Glyndebourne premiere, nearly 40 years ago, and Broadway (in the Piper décor, produced by Agnes de Mille, with Kitty Carlisle as its heroine) the year after that. Since then there has been a fairly steady stream of American productions. This latest of them was notable above all for the conducting, intense yet poetic, of Richard Bradshaw.

The female singers tended to push their voices beyond the bounds of sweetness and purity. It's the regular fault of much American singing—force rather than flow — and probably brought on by the vastness of most American auditoriums. Gentleness is a quality not much cultivated here. But the Lucia, Ruth Ann Swenson, had some limpid, gentle moments. Jeffrey Thomas, the Male Chorus, didn't force his small, cultivated tenor. John Matthews (*Tarquin*), Thomas Woodman (Junius), and James Patterson (Collatinus) were all vocally strong, if less than adept actors.

ANDREW PORTER

The Shelter/Lyric Studio, Hammersmith

Michael Coveney

Kathryn Pogson and Rudolph Walker

A lady in 18th century costume, wig slightly askew, lies unconscious under a drastically leaning palm tree. Washed up on an island after a shipwreck, she comes round to be startled by her rescuer. She, played by Kathryn Pogson, is white. He, played by Rudolph Walker, is black. *Miranda meets Caliban.* While she dithers in a flurry of nervous apprehension, veering wildly off into racist clichés fuelled by the fear of rape, he quietly constructs a shelter from cane, rush and bits of material.

After the interval, Caryl Phillips's second short play places the same actors in a 1958 Ladbroke Grove bar. Louis is a railway worker with an odd habit of spouting poetic phrases, Irene a pop-eyed local trying to hang on to the West Indian boyfriend for whom she has deserted an unreasonable husband.

Only here, as the more modern couple chew over the public's embarrassment at their liaison, does Mr Phillips's writing achieve a convincing texture. The first piece, in Jules Wright's paceless production, staggers along from stilted exchange to unlikely compromise with the bustle of an anaesthetised snail.

The boat was en route from England to the mercantile haven of an African coast. It sets up the notions of noble savage tamed by the slave trade that the second piece exploits, as the rocky foundation of the relationship. For Louis has a family back home and has no intention of taking Irene with him, even though she is pregnant. There are interesting, if not exactly original ideas, struggling to emerge here, especially on the theme of who is to blame for physical and material pillage.

Louis predicts that stones will be thrown because of his failure to be fully integrated into the British society of which he is a fully paid-up citizen. Mr Phillips's pessimism seems to be founded merely on the inability of people of different coloured skins to tolerate each other.

Mr Walker exudes a strong and dignified resolution while Miss Pogson, as vitally expressive as ever, manages to shake off an initial tendency to carry on as if still playing that highly wrought Ophelia in Jonathan Miller's *Hamlet* last year. Edgy and unconvincing in the first play, she settles down later to paint a touching portrait of a girl unable to cope with her lover's insecurity and misgivings. There are two economically picturesque designs by Tim Bickerton.

The Servant of Two Masters/Arts

Martin Hoyle

Interim Theatre Company continues the work of the British Theatre of the Deaf. Two years ago they scored a notable success with *Equus*, in which the actors both spoke the lines and used the sign language of the deaf.

This treatment applied to Goldoni, plus the mime and *fripperies* associated with the *commedia dell'arte*, adds a curiously appropriate layer of stylisation to the artificial complexities of 18th-century Venice.

The company sensibly mixes actors of normal hearing with those who can immediately identify with a possible deaf audience. The cast varies in the ease with which it deals with both speech and sign language, from Patch Connolly's Pantalone displaying undisciplined flashes of Milliganesque madness to Darren Jensen's handsome juvenile lead, at present happier with signs than lines.

The piece hinges on Truffaldino, the (literally) two-timing servant whose intrigues land him in a succession of near-athletic farcical complications and almost provoke two suicides. Jack De Filippo, facially and bodily mobile, with a nifty line in sound effects as he mimes a barber shaving or the preparation of a fly bolognese, lives up to the most distinguished surname in Italian farce, and makes one look forward to his Shakesperian clowns.

Sandra Slinger cuts a dashing figure as a girl disguised as her dead brother (it's one of those plots), though nothing becomes her masculinity so much as her leaving of it. Caroline Parker's squeakily temperamental romantic proves a funny Italian first cousin to Lydia Languish; and Tony Tong's vocal and physical authority distinguish a smaller role.

The production, fresh from the Edinburgh Festival, cries out for a participating audience. Children, especially those with hearing difficulties, ripe for an introduction to the bustle of Italianate intrigue should fit the bill admirably.

Concertgebouw Orchestra/Albert Hall

David Murray

On Monday the Amsterdam Concertgebouw Orchestra concluded its triumphal visit with a second Prom concert, again under Bernard Haitink: one small work, one big one. Wagner's *Siegfried Idyll* made a gracious opener, very well and coolly played. Had the various instrumental groups been less serene and pure of tone, one might have thought it underinflected—perhaps, with the size of band made necessary by the size of the hall (several double-basses), Haitink was anxious to avoid expressive inflation. But the perfectly balanced instruments were a pleasure in themselves.

A similar approach, granted the difference of scale, was singularly impressive in the Eighth Symphony of Shostakovich. In length the symphony is a match for the noisy Seventh, but here the scoring is all tight-lipped restraint, bar a very few — but searing — climaxes. The large percussion section is most sparingly used, and for pages on end a super-cautious orchestrator working from a piano-score would probably produce something just like the composer's own result. There is, then, a great temptation to indulge a withers-wringing *espressivo*, just to maintain a safe grip upon an audience

Haitink didn't do that. Secure in the knowledge that his instrumental choirs make richly natural, satisfying contrasts on their own account, he forced nothing; the whole bleak score was unfolded steadily, thoughtfully, without a lapse in concentration. The long string threnodies had the private intensity of chamber music; odd moments like the cruelly high bassoon solo late in the proceedings seemed simply apt, not tricky or grotesque. There was no attempt to find a fictitious cheeriness in the final Allegretto, which was merely an epilogue on a note of civilised despair. One was entirely persuaded that this is indeed what the music *is* about. Fearful efforts must have been made in the Soviet in 1943 to lend a bracing "positive" air to this symphony.

Saleroom

Antony Thorncroft

After starting the season with a sale of rock 'n' roll memorabilia last Thursday, Sotheby's continued in light-hearted mood with an auction on Monday at Kilbrittain Castle near Cork where it disposed of cars and planes, boats and hearses, many from the collection of the late Russell Winn.

A 1928 Rolls-Royce Phantom I made the top price of £13,728 and a 1929 Lagonda, £9,867. A 1919 Chevrolet "490" sold for £3,689. A Thames steam motor launch made around 1906 realised a reasonable £3,260 and the Compton organ from the Savoy Cinema, Cork, of 1925 vintage, was sold to a local conservation group for £292.

Arts Guide

September 2-9

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Theatre

NEW YORK

Night Mother (Golden): Marsha Norman's harrowing drama of a young woman's last hours before committing suicide in her mother's home makes for the intellectuals' form of sensationalism, with powerful acting by Kathy Bates and Anne Pitoniak, directed by Tom Moore. (239 6200).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

The Corn is Green (Lunt-Fontanne): Emlyn Williams' 1940 comedy about a middle-aged spinster who goes to Wales to start a school is the second offering of Elizabeth Taylor's new repertory company, which, without a role for Miss Taylor has a cast led by Cicely Tyson, directed by Vivian Matalon. (575 9200).

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472).

Agnes of God (Music Box): The fiery trio of Geraldine Page, Diahann Carroll and Lily Knight enliven a somewhat over-written clash of ideologies. (246 4636).

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish re-creation of the London hit. (239 6262).

Extremities (West Side Arts, 43rd W. of 9th Av.): The realistic portrayal of sadistic rape, with which the play opens, makes for uncomfortable but rich drama, and author William Mastrosimone manages to maintain high energy levels to challenge an excellent cast. (541 8394).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscence now that the Nederlander organization generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

WASHINGTON

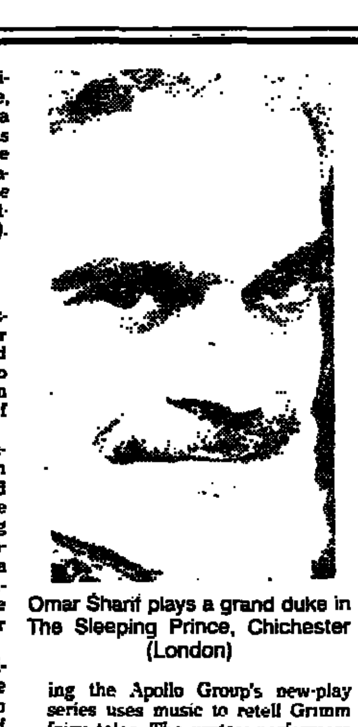
Wind in the Willows (Folger): Composer William Perry and lyricist Roger McGough chose a wonderful old chestnut to turn into a musical to add a new generation's appreciation of Ratty, Mole, Badger and Toad of Toad Hall. Ends Sept 18 (547 3230).

Private Lives (Opera House): Elizabeth Taylor and Richard Burton bring their version of Noel Coward to Washington, where one hopes the presence of another of the leading lady's husbands (he's a U.S. Senator) will inspire some liveliness in a cast that seemed in New York to embalm the play rather than re-create it. Ends Sept 4. Kennedy Center (254 3770).

American Buffalo (Terrace): Al Pacino's humane and lively performance gives a wholly new and fresh look to David Mamet's bemused version of American low life with larceny in its heart, as directed by Arvin Brown of the Long Wharf Theater. Ends Sept 25. Kennedy Center (254 9895).

CHICAGO

Flash in the Pan (Theatre Building): The inaugural offering in Paramount Pictures' venture in supporting the Apollo Group's new-play series uses music to retell Grimm fairy tales. The writers-performers are veteran nightclub artists, Denise De Clue, Jeff Berkson and John Karraker. 1225 W. Belmont (327 5252).



Omar Sharif plays a grand duke in The Sleeping Prince, Chichester (London)

The Dining Room (Goodman, 200 S. Columbus Dr.): A. R. Gurney Jnr's vision is confined by four walls, the four walls of a middle-class New England family as it changes with its inhabitants. (443 3800).

E. R. (Organic, 3319 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodramas, starring Gary Houston as an ambitious young doctor, Shuko Akune as the receptionist and Lily Monkus as the authoritarian nurse. (327 5588).

LONDON

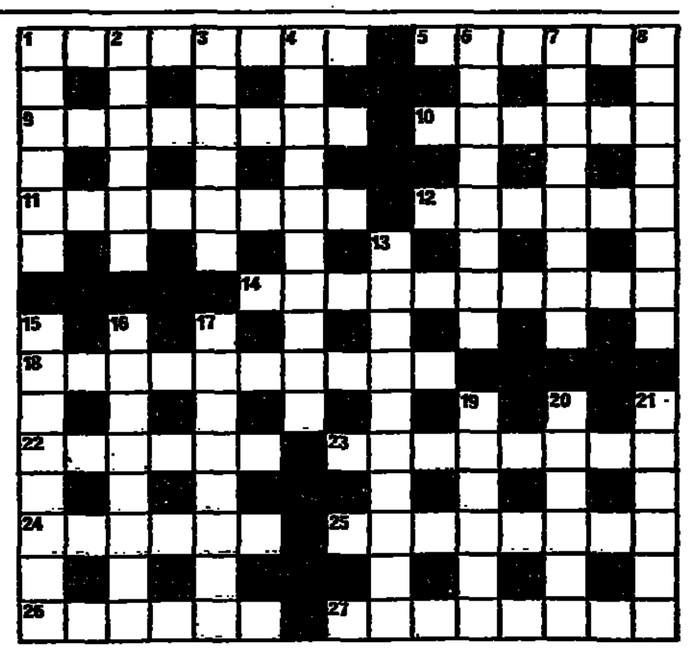
The Sleeping Prince (Chichester): Rattigan's Coronation showpiece, very pretty to look at, with appropriately starry playing by Omar Sharif as a Balkan Grand Duke, Debbie Edwards as his American show-girl mistress and Judy Campbell as his handsomely eccentric wife. Peter Coe's direction is for entertainment and achieves it.

The Rivals (Olivier): Splendid National Theatre revival, cunningly designed by John Gunter to place us in the middle of 18th century Bath. Geraldine McEwan takes a fresh, inquisitive look at Mrs Malaprop. Michael Hordern is an unrivalled Sir Anthony. Peter Wood directs. (928 2252).

Blood Brothers (Lyric): Strong rock melodrama by Willy Russell about *Liverpool twins separated at birth*. Pop star Barbara Dickson, very like a young Gracie Fields, is superb as their grief-wracked mother. (437 3686).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

F.T. CROSSWORD PUZZLE No. 5,210



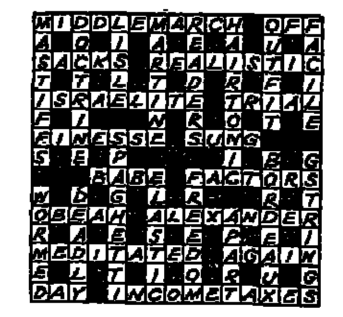
ACROSS

1 Drudge of Cruft's? (8)
5 Pitiable outcome of starting to turn cheroot over (6)
9 Being rude in water off Cowes (8)
10 This old headache makes me ghastly and flounder (6)
11 People demanding payment, having been in cast (8)
12 Four lines in German dance in South Africa (6)
14 Getting off lightly? (10)
18 Do they begin as scrap-merchants? (10)
22 Means of rapid promotion on the board (6)
23 Pop's black yet fair (8)
24 White-headed feature displayed by vice-captain (3-3)
25 American disaster film (8)
26 Water-carrier from Gateshead, say (6)
27 Pink seed scattered superficially (4-4)

DOWN

1 Deserted stream—in wood, of course (6)
2 Metre-scanner? (6)
3 Retard eg Bartok over a note (6)
4 That tree-study to include golden-rod at start of year? Not usually! (10)
6 Endless energy not ordered for X-ray unit (8)
7 Getting some lager on tick in old age? (8)
8 Advertiser's plans could make mag panic (8)
13 Streetcars reversed at a fast speed. What sort of chap was driving? (5-5)
15 Bungalow on good terms in outskirts of Darjeeling (8)
16 Hill's permit about to expire (8)
17 Newspaper's reporting of things done in prison (8)
19 Daisy North not in bow? (6)
20 Gleaming brightly like mark on horse's face (6)
21 This is the last month a politician can make off in secret (6)

Solution to Puzzle No. 5,209



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Wednesday September 7 1983

The long-term budget agenda

MR NIGEL LAWSON might seem, at first sight, to have taken over the Exchequer at a fortunate time. The worst of the grim business of disinflation has been achieved by his stoical predecessor, Sir Geoffrey Howe, and the economy is now recovering.

This is a completely deceptive impression, however. Mr Lawson may hope to avoid nasty surprises, but he cannot avoid the difficulties posed by two overwhelmingly important facts: oil revenue is no longer growing, and the population is ageing.

This is a grim combination of circumstances, and Mr Lawson is well aware of its implications, as the interview on this page makes clear. It means that, like Alice through the looking glass, he must run as fast as he can to stay in the same place; or in economic terms, that only if the economy can resume a trend growth rate of 7½ per cent annually (which unfortunately seems to be at least as fast as the UK economy can be expected to run), public spending will inexorably tend to rise as a proportion of national income, even if programmes are frozen in real terms. The control of spending will therefore remain at the top of the Treasury agenda throughout his term of office. It is a job specification for an unpopular Chancellor.

Faced with these necessities, Mr Lawson seems to be making the first moves to get the public involved in the discussion of long-term spending strategy. This may seem politically risky since it will give the defenders of every sacred cow in the programme the maximum time to mobilise; but we would nevertheless urge him to do it.

Essentially this means getting the facts out into the open. We have had a glimpse of them in the background paper from the now defunct Central Policy Review Staff, leaked for all the wrong reasons in the spring. A recalculation from the Treasury, projecting future revenues on various growth assumptions, and future demands on those revenues, should not of course be regarded as a political document at all. It is the only framework in which a sensible debate about the longer term can be developed; and it will face the defenders of each individual programme with the question which they must collectively answer: how are the sums to be made to add up to an acceptable total?

The real risk does not lie in publishing the facts, but in allowing the subsequent debate to get sidetracked into a war of assertion and counter-assertion about growth itself. One side will urge that all problems will solve themselves if adequate growth is stimulated, the other will respond simply that this begs the question which has defeated every government for twenty years.

Mr Lawson says all that need be said about the general question: the present financial strategy allows ample room for the growth of money incomes, but only those who set prices can determine whether this will be used up in inflated costs and incomes, or allowed to stimulate real growth.

Administrative disgrace

The debate that needs to be pursued is much more demanding: it concerns the detail of what is to be done within these totals. It means first a drastic improvement in the present system of reporting what is currently being spent—the endless surprises here are an administrative disgrace. It means examining the content of existing programmes which are themselves desirable, such as education and regional development, to see if they are well designed to produce the end results we want. It means examining our foreign policy commitments as well as our Nato commitment to see how the burden of defence can be contained. It means opening to debate such apparently uncontrollable items as debt service (now costing £6.5bn net) and the "untouchable" allowances against tax—£2bn of mortgage relief, another £2bn for contractual saving, and nearly £9bn in investment incentives.

This is a forbidding agenda, but it must be tackled. Mr Lawson will need not only his reputed toughness, but all the public understanding he can muster. The facts can only help.

Civil war in Lebanon

THE DESPAIR of Western nations at ever finding a solution to the violence in Lebanon must not be allowed to dull their appreciation of the danger that the fighting could provoke a superpower confrontation.

Soviet and American troops are deployed less than 50 miles apart and warships from both nations are cruising offshore. The deaths of a further two U.S. Marines yesterday near Beirut emphasise how easily elements of the multinational peacekeeping force can be drawn into the fighting, while just across the border the Syrian missile defence system is in the hands of Soviet personnel linked directly to Moscow by satellite.

The fighting provoked by Israel's withdrawal at the weekend from the Chouf mountains south-east of Beirut is essentially about who controls which part of that third of Lebanon not under direct foreign occupation.

Syria and Israel, which have each taken about a third of Lebanon, inevitably have a close interest in the outcome. If they believe partition to be inevitable then, like Berlin after the Second World War, the ability to deny full control of the capital to an opposing army becomes increasingly important. From the mountains overlooking Beirut it is possible to shell the international airport at will and even to lob shells into the Presidential palace.

Damascus and Jerusalem, and behind them Moscow and Washington, are supporting different factions in the current fighting. While the U.S. has been trying to strengthen the hand of Lebanon's President Amin Gemayel, Syria has called for his overthrow and is trying to promote an Arab League boycott of Lebanon.

The Syrians argue that President Gemayel is a narrow factional leader (his father, Pierre, heads the Christian Phalange militias) who is seeking to ally his country with Israel and to maintain an outdated constitution which concentrates power in the hands of the Christian minority.

The Druze, an offshoot of Islam, and their leader Walid Jumblatt have been trying together with the Syrians to patch together a coalition with Sunni and Shia Moslems to oppose President Gemayel. It is the Druze who have been most heavily involved in the fighting since Sunday as they attempted to drive the Phalange militias out of the Chouf and to prevent the Lebanese army taking over former Israeli positions on the coast road south of the capital.

The American, French, Italian and British troops who entered the Beirut area last autumn to assist the Lebanese authorities reestablish control cannot, beyond self-defence, allow themselves to become involved in what is now a further round of civil war in Lebanon. But neither should the respective Western governments listen to those politicians urging them to withdraw their troops. Not only would the vacuum left by their departure widen the scale of fighting and increase the risk of renewed massacres, but it would also diminish the remaining authority of the Gemayel government and harm U.S. efforts to bring the fighting to an end.

But at the same time the multinational force has a longer-term purpose only if its presence is accompanied by more intensive international diplomatic efforts. Essentially this means the U.S. trying again to establish a dialogue with Syria and also persuading President Gemayel to make a more generous gesture towards power sharing with the Moslem

Fresh approach

It is also important to remember that there is a United Nations force in Lebanon. Since the Israeli invasion over a year ago the 6,000 or so men of the United Nations Interim Force in Lebanon (Unifil) have been well behind Israeli lines. If the aim of most diplomatic efforts remains the withdrawal of all foreign forces from Lebanon—and on this necessity the majority of Lebanese people would agree—the eventual redeployment and expansion of Unifil could be a step in this direction.

Whether Moscow and Washington could ever agree to return the Lebanon issue to the United Nations forum must in the current climate be highly questionable. But with the Reagan peace plan for the Middle East now dead and presidential elections looming, there is a need for a fresh approach to which European nations could make a more positive contribution.

In the absence of some such fresh approach, the best the Lebanese people might hope for would be an end to the shooting and internationally acknowledged areas of influence. Inevitably it would be called partition, but as an interim measure would that necessarily be any worse than the appalling suffering now being inflicted on the civilians of Lebanon.

An interview with Nigel Lawson

The harsh dilemma: tax or the axe

Max Wilkinson, Economics Correspondent, talks to the Chancellor of the Exchequer about his policy options in the years ahead

UNDER Sir Geoffrey Howe's Chancellorship there was a well understood objective—to bring inflation down. Has the broad thrust of policy now changed at all towards emphasis on the real economy and growth, or is it just the same strategy with different numbers?

The economy is clearly in a different stage of the cycle and has been for some time—it is now in the recovery phase, and it is perfectly true that the back of the battle against inflation has been broken, if that is not too mixed a metaphor. On the other hand the policy stance is essentially the same. Inflation has come down in the last four years far more than most people thought it would, and we intend to build on that. And our view is that these policies we have been pursuing are those most likely to create the conditions for sustainable recovery and the creation of new jobs.

But some commentators including the National Institute of Social and Economic Research see growth coming almost to a standstill next year, with higher inflation. Wouldn't you then face an acute dilemma: whether to intensify the pressure on inflation or whether to slightly loosen the fiscal stance . . .

I don't accept the National Institute's view. I think the steady recovery which we are seeing this year is going to carry on through 1984. I wouldn't speculate beyond that.

But the consensus among forecasters is that growth will be fairly slow. Do you accept that?

It depends on what you mean by fairly slow. The consensus of economists is that growth in this country—although not dramatic—is going to be better than the European average.

'It takes two to make a wage increase'

However we are in a slow growth world at the moment and have been for some time.

When the budget deficit seemed to be going off course this summer, you took speedy action to rectify it. If the same seemed to be happening with wages, would you take similar action by tightening monetary conditions?

We wouldn't tighten monetary conditions because wages were going up too fast. We have a ceiling on what is considered the prudent rate of monetary growth, and if wage increases come up against that ceiling one does not respond by increasing the ceiling to accommodate it. Equally one doesn't say that as a punishment one is going to make the ceiling still lower. After all it takes two to make a wage increase. It is not just the trade union demanding. It is also the management agreeing to it.

The problem in the past has not simply been greedy trade unions. It has been managements who have felt that governments would always bail them out by appropriately inflating the economy. Managements are in a different world now—and are reacting differently.

May I ask now about the other side of the equation—public spending. How do you see the problem in the next four years with relatively slow growth, higher calls on public spending and your commitment to cut taxes? The figures don't seem easy to add up.

The problem is an acute one. If I may start with the action I took this summer, it became clear that if I didn't act then, I wouldn't have been able to do anything effective this year. Public expenditure and public borrowing would have been significantly higher this year than we had planned for. If we had done nothing about it, this would have given a false signal that we no longer cared about what happened to public spending and borrowing.

As for the longer term, you are absolutely right, there is a real problem. We are doing everything we can which will allow a more rapid rate of growth, but it looks like being a slow growth world. Against this there are particular problems which will put very great pressure on public expenditure—such as the ageing of the population.

If those pressures cannot be resisted, or offset in some way or another, then the consequences for taxation will run counter to our determination to create a climate which is more conducive to the economic growth. This growth would in turn enable us in the long run to have the better public services which we would like to see as well as an expansion in the private sector.

What do you think you can do about this problem? You have five years ahead of you and some very stinging nettles to grapple with.

In terms of public debate I think this is a very serious issue for us in this country under any government and for many other countries, so I think that everybody concerned with the public debate should be trying to open it up. What has to be established first is the nature of the problem. Then you can argue about the solutions. It is very important that people should be aware of the nature of the problem.

How would you describe the problem?

The problem is that there is an incompatibility between the public's expectations of possible rates of growth of various public services and the likely rate of growth of the economy as a whole.

Which bits of the public sector give most concern?

There is a tendency in almost every area of public expenditure for the pressures for increase to be very considerable. There are particular problems of Health and Social Security, because both elements are affected by the ageing of the population which I mentioned.

The fact that older people need more health care as well as pensions?

'I would like to see the basic rate of income tax come down further, but if we have a bit of headroom, that would not be my top priority in the tax field'

Right. There is also the problem in the defence sphere, where defence technology is developing all the time very rapidly, and becomes more and more expensive. But there are limits to what the economy can afford. This has to be a discipline on expenditure.

I suppose the options are: raising taxes, cutting services in real terms or pushing them into the private sector?

Yes, broadly that is right. I don't want to see an increase in taxation. I would like to see a reduction. But unless this problem is resolved, the risk could be an increase in taxation, because we clearly cannot allow conditions to arise in which inflation takes off again through excessive borrowing. So we have got at the very least to avoid the need for an increase in taxation and within the lifetime of this parliament to get the headroom for a reduction of taxation. However, I don't think it will be necessary actually to reduce public expenditure in real terms to achieve this—though there may be particular items which are cut.

Pensions for example—looking a long way ahead into the 1990s?

For the lifetime of this Parliament we have committed ourselves to maintaining the real value of pensions, so that is not something which needs to be looked at.

What about other entitlements like social security?

There are pledged benefits and unpledged benefits. Where we have made no pledges, this was deliberate, not because we had any intention of cutting the real value of these benefits but because no responsible government can give commitments to everything, otherwise the sums simply do not add up. Therefore we have kept freedom to judge what the economy can afford.

There seems some uncertainty in the public mind about your priority between making tax cuts on the one hand, and cutting public expenditure on the other.

On the public expenditure side there are two main objectives. The first (which obviously does not apply to defence) is to transfer activities to the private sector where this can be done. The private sector will operate them more satisfactorily, more efficiently, and with a greater degree of consumer choice.

Secondly, there is a direct and inexorable link between public expenditure and the level of taxation. We had over the past four years to increase the level of taxation overall. We inherited a grossly excessive borrowing requirement and one of the ways we brought that down was by the honest method of financing it through taxation. That was something which was necessary as part of the battle against inflation.

But it was not desirable from the point of view of the conditions for growth in the economy and therefore we want to see taxation as a proportion of GDP coming down.

But are the political constraints on privatisation and containing the public sector too large to make the strategy effective?

Political constraints are always considerable. There are many pressure groups, and even if a measure is for the benefit of the nation as a whole, that benefit is diffused among 50 million people, whereas the trade-off is often a more perceptible disadvantage to one particular group. But I think the result of the last election shows that we have been pretty frank about the way we see things in general and people respond to this. The electorate is, if you like, a great deal more adult than has sometimes previously been thought.

Finally, if you are still Chancellor in four-and-a-half years what is the general state of the economy which you would like to bequeath to your successor?

I think it would be a reasonable objective to keep inflation in low single figures. If circumstances enabled us to get it to zero, so much the better, but I think it would be foolish to have that as a firm commitment. But certainly there will be continued downward pressure on inflation.

I would like to see an economy in which the entrepreneurial spirit is flourishing. I think that is the only way we are going to have a rate of growth which is going to provide jobs—and there is nothing I would like to see more than job opportunities for all who are seriously looking for work.

'There are pledged benefits and unpledged benefits'

Tax rates? My objective is to have taxes by the end of this parliament lower than they are today. Yes I would like to see the basic rate of income tax come down further too, but if we have a bit of headroom, that would not be my top priority in the tax field.

Unemployment? I am very encouraged by the signs that the rate of increase is falling, and I would hope to see unemployment come down.

What do you think is the best we could hope for?

I genuinely don't know and therefore it would be foolish to name a figure.

Men & Matters

Bond of friendship

Peter de Savary, the fast-footed, Bahamas-based businessman who put up most of the $8m to mount Victory 83's unsuccessful British challenge for the America's Cup, was heading out of Newport, Rhode Island, yesterday to visit his children in England.

De Savary has some consolations. Not least, he says, the friendship he has struck with Alan Bond, an entrepreneur of similar style, who heads the $4m Australia II syndicate.

Bond, apparently, has convinced de Savary of the attractions of Australia's gold-mining industry and de Savary says he has put "a substantial sum" into a company called Windsor Resources, in which Bond also has a stake.

Once the America's Cup races are over, de Savary plans to spend six weeks in Australia searching for more opportunities to plug that $8m hole in his pocket. "It is a lot harder to make that kind of money these days," he muses.

Small beer

WELL, no, Michael Abrahams would not describe himself as a real ale aficionado. But, yes, lately he has been known to sink the occasional pint of Theakston's. This he regards as the best pint of bitter in the country.

But then as the phrase goes, he would wouldn't he, since he has just paid some £480,000 for quoted brewery T. and R. Theakston.

Abrahams is the man who built up AW (Securities). When he took over an old family carpet business in 1966 it was making heavy losses.

In 1973 he sold out to Champion International of the U.S. for some £40m, when profits of £9m were forecast. Champion got tired of running a carpet concern and Abrahams was able, in 1980, to buy back part of AW for less than £2m. This was turned into Weavercraft Carpets and with sales of more than £17m is flourishing.

Abrahams, however, has been looking for something else to do for some time. He fancied the food and drink area and knew Theakston's as a company well. He has bought now, he says, because he wanted to have a brand name and because he reckons Theakston's represents a "marvellous marketing opportunity."

"The company's market share is negligible. In fact, it is so small you can hardly put a percentage figure on it. Yet it is a marvellous product and it has never really been promoted," he enthuses.

Over at Theakston's at Masham and Carlisle, they are very pleased. The company has not been doing badly. Profits fell from £247,000 pre-tax in the year to March 1982 to £174,000 in the current year. But this was after an exceptional loss because of a music festival which flopped.

Gerry Thomas, the current managing director is delighted. "I regard Michael Abrahams as a very clever and dynamic businessman. He has the skill and resources to give us a real boost."

Just now the group has 10 tied pubs. There are plans to obtain more, but the difficulties of breaking into regional brewing strongholds are recognised. Soon, Abrahams plans a rights issue of £650,000 which will give him the resources for a massive promotion campaign to increase sales through off-licences and supermarkets.

He will also be able to increase manufacturing.

Apart from its bitter, Theakston's is best known for its Old Peculier. "A unique product," says Abrahams, like Guinness. He does not drink it himself

but says you do not have to be an expert to know an excellent product. "You must remember," he says, "that this beer has hardly been pushed at all."

Private view

The Liberal Assembly certainly does its best to ensure that its debates are fully reported.

Some years ago, officials forgot to switch off the public address system and so relayed the whole of a private session to reporters exiled to the press room.

This year, the Assembly arrangements promise to make things even easier for hard-working political reporters.

The Assembly's debate at Harrogate on September 20 on the controversial subject of David Steel's right of veto over the party manifesto will be conducted in private.

But to ensure that the BBC is technically equipped to broadcast the rest of the Assembly's business, it will be allowed to test its cameras and other paraphernalia during the private session.

"Proceedings will not be broadcast . . ." delegates are being assured — but closely monitored, you can bet.

City wall

One of the world's less durable dividing barriers between the capitalist rich and some Trotskyists came and went yesterday, almost too quickly for people to notice and apparently without too much disturbance.

Norway's Red Electoral Alliance, one of the smallest political parties, built a five-foot barrier of breeze clocks around Oslo's stock exchange, as an electoral stunt.

The wall was meant to spotlight the contrast between what went on inside the building—"rich men working hectically to get even richer" — and the rugged lives of Norwegians outside, facing record unemployment, overcrowded hospitals and overstretched social services generally. Share prices were largely unmoved by the incident and the wall was pulled down some 30 minutes after it was erected.

Opening bid

There are various ways of equipping yourself for a business career — but a Ugandan company called Ampasco must take the biscuit for originality.

Ampasco (motto: "For Social Progress") wrote to a Bolton, Lancashire, company the other day requesting price quotations for machines for making tissue paper and converting it into small rolls for toilet use.

With its quotations, the Bolton company was invited to send the following donations to Ampasco's office: "A wall clock, a desk diary [sic], a pocket calculator of 12-digists [sic] and a textbook on paper making . . ."

Observer

WEST GERMAN STOCK MARKET

A primitive way to raise cash

By Stewart Fleming in Frankfurt

"AKTIONAERE SIND dumm und frech"—shareholders are stupid and cheeky—is an old stock market saying in West Germany. They are stupid, the explanation goes, because they give companies their money. They are cheeky because they expect to be paid a dividend in return.

Today, as they scrutinise the financial structure of the corporate sector, the record wave of bankruptcies over the past two years, the growing proportion of debt in corporate balance sheets and the billions of marks that they have had to pour into under-capitalised companies, the contempt for the public shareholder which this aphorism implies has ceased to be a laughing matter for the banks which dominate the Federal Republic's financial markets.

In its latest annual report, for example, the Bundesbank, the West German central bank, argues that "an improvement in earnings and a broader capital base for enterprises seems to be indispensable if appropriate economic growth and a high level of employment are to be regained."

Other business leaders and economists cite the weakness of the stock market as one of the major reasons for the apparent lack of fast-growing young companies in high technology fields such as micro-electronics.

The example of Herr Volcker Dolch who had to take his company, Dolch Logic Instruments, a world leader in its field, to the U.S. venture capital market to get finance, is a telling reproof of the conservatism of West German financiers.

How primitive a financial institution the German stock market still is can readily be seen from a few statistics. On all West German equity markets there are only 450 quoted companies, down from 700 some 25 years ago. The total market capitalisation of these companies as of June 1983 was DM 205bn (£51bn). In the UK, an economy which is only two-thirds the size of Germany's, the London Stock Exchange boasts 7,139 quoted companies with a total market capitalisation of £746bn.

Moreover, on the West German markets, some 30 companies such as Daimler-Benz, Siemens, Deutsche Bank and the three big chemical multinationals account for over half the total market capitalisation.

Stock market turnover is also low. In Frankfurt, the leading exchange, it was only DM 15.5bn in 1982. This compares with £259bn for London. And as a source of new equity the bourse in Frankfurt plays a negligible role.

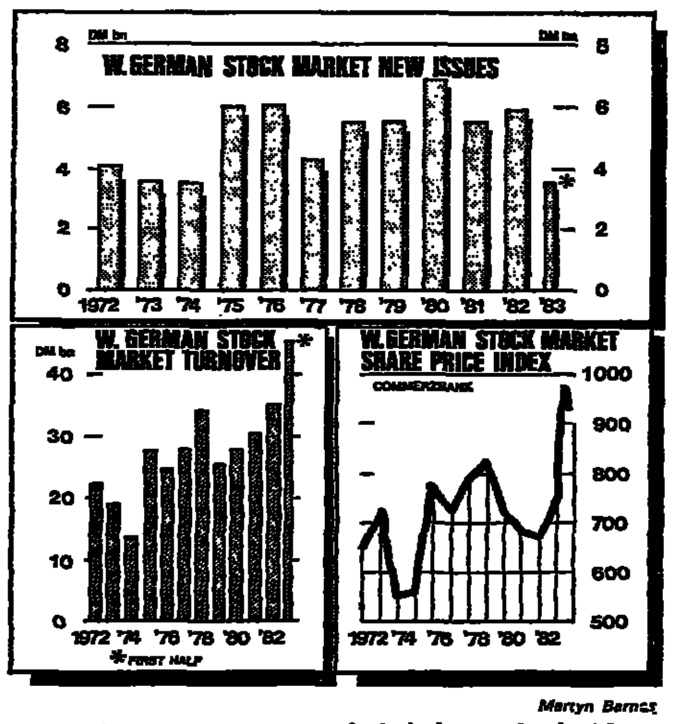
Thus in the first six months of 1983 new equity issues brought companies only DM 3.6bn, compared with DM 2.3bn in the same period of 1982, with the bulk of the increase accounted for by one rights issue of DM 810m from Rheinisch-Westfälisches Elektrizitätswerk, a leading energy utility.

The performance of the stock market itself offers no explanation for the trend. It rose by 50 per cent between August 1982 and June 1983. Yet as Herr Ferdinand Graf von Galen, chairman of the Frankfurt Stock Exchange and chief executive of the private banking firm of Schröder Munchmeyer Hengst, notes: "In spite of the surging stock market, potential new issuers have not been sparked into action."

The banking industry has become very sensitive about the role of the stock market. Last month Deutsche Bank, the nation's biggest commercial bank, went out of its way in its half-yearly earnings statement to highlight how its new issues business had profited from the favourable conditions on the stock markets. "New issues of German shares increased considerably compared with the first half of 1982," it said, in marked contrast to Herr von Galen.

Through most of the post-war period, of course, West Germany has been doing very well economically without an effective stock exchange. The Federal Republic has enjoyed almost uninterrupted, inflation-free real economic growth.

For this reason a stock market was virtually superfluous. Companies were able to keep their equity capital and reserves growing at a cracking pace out of retained earnings. This suited the companies, many of whom did not want to be bothered explaining in any detail what was going on within their businesses, and it suited the banks who were more than happy to advance loans on which they received handsome rates of interest.



Martyn Barnes

In many cases the banks were also shareholders whose influence might have been diluted by bringing in outside shareholders or by exciting the curiosity of the existing public shareholders. The banks were also happy to help companies gear up against the security of surging profits and a fast-growing fixed asset base.

It is this happy coincidence of interests which is now breaking down and which accounts for the growing concern about the corporate sector's balance sheet. Thus since the mid-1960s equity as a percentage of total assets in manufacturing industry has sunk (on average) from over 30 per cent to around 20 per cent as the corporate sector's share of national income has eroded. For smaller companies and sectors such as construction, the ratios are worse.

This would not matter were it not for the fact that on any rational assumption the decline has taken place against the background of a fundamental secular change in the Federal Republic's economic situation.

Indeed, amid mounting evidence that Germany has fallen behind in key new technologies and with a period of technological change ahead, risks are increasing sharply. Banks which have seen corporate customers fail during the current economic downturn are also aware that they can find better things to do with their depositors' funds in the present climate than lend to already overgeared and undercapitalised companies.

"Calls for companies to increase investment are unrealistic so long as the necessary equity capital is not provided," says Herr von Galen. "The sharp fall in corporate earnings since the beginning of the 1970s has reduced the opportunities for internal refinancing from earnings. The scope to take on new loans has been reduced by the thinner equity ratios." He concludes: "Companies must, to a far greater extent than hitherto raise equity from outside."

This is easier said than done. Many bankers maintain that German businessmen do not want the public inspection of their private affairs which is implicit in floating their companies on the stock market.

"Going public," says one banker, "strikes almost all company owners with terror. They would rather load up to the gunwales with debt or not go public and stay small." And Dr Wolfgang Rupf, a board member at Effektenbank Warburg, commented at a recent Press conference: "The better the management of a company, the less likely it is to come to the stock market." Such a judgment would, one might think, tend to frighten potential investors away from companies which do go public.

On the contrary, the few new issues that have come to the market have been heavily over-subscribed. What is even more striking is that since 1981 six of the eight companies floated have been handled by a small Munich investment house, PM Portfolio Management, a company only started in 1967. It is this small firm's example which seems to have stirred Deutsche Bank into action with Joseph Vogele, its first issue since 1977.

In common with other stock markets around the world the German stock market has suffered over the past decade from the fact that the performance of shares has not been as tempting to investors as the returns on fixed interest securities. As heavy fixed interest borrowers this, too, will have suited the banks.

The German stock market has also been dull because the big quoted companies have not tried to make it more exciting. By manipulating (as many do) their annual profits to hide earnings and give shareholders a smoothed profits performance and, until recently, secure dividends, the companies can claim to have been fulfilling shareholders' wishes for security.

It can just as easily be argued, however, that it is not the shareholders, but the managements who want a quiet life. Manipulated accounts make it difficult for shareholders or analysts to examine critically a company's performance.

Many of these attitudes and structures are readily explainable in terms of Germany's history of currency reforms, revolution and war. The question is whether a financial system created in such an artificial environment, even a system which has proved its worth, is also the right one for the 1980s and 1990s, or whether it needs to be substantially overhauled.

Increasingly, calls for reform are to be heard. What is not yet evident is a recognition that tinkering with the system will not be enough.

Social Affairs

How best to deal with Big Brother

By Ian Hargreaves

WITH ONLY 95 shopping days to 1984, the bull market in Orwelliana can be expected to strengthen.

Britain has a new "1984 campaign" dedicated to weakening the Official Secrets Act and the Data Protection Bill, soon to resume its passage through Parliament, should serve — in spite of a narrow focus—to generate some debate about the rights of individuals to inspect their own electronic files and have them corrected.

A further cranking up of the case against both the prevailing popular mood of fatalism about these matters and the school of optimistic futurologists, led by writers like Alvin Toffler, is attempted in a new book by David Burnham, an American journalist, which is published in Britain later this month.

Burnham's central concern, amid heavy allusions to Big Brother and the new slavery, is that the volume of data which can now be stored and speedily analysed by computer is concentrating power further where it already lies: in the hands of central government and big companies. He who knows what is going on and can predict the next move can control the future, he argues. Information is power.

He sees this illustrated everywhere, from government use of intelligence, census, tax and social security data to the activities of electronic banking, insurance companies and credit checking organisations which amass enormous amounts of evidence about individuals' financial track records. In the part of the book in which he moves briefly into fiction—a mistake actually, since it tends to make the rest of the book appear more overstated than it is—New York has denegrated into two societies, a silent electronic cathedral called Manhattan which houses sophisticated conformers and a locked compound in the Bronx for the rest.

At a more sober journalistic level, Burnham has dug up what little is known about the National Security Agency, a body established by President Truman in 1952 and now believed to possess the world's biggest computer brain. Although no one really knows, its budget was estimated at $15bn in 1956 and its staff six times that of the FBI.

The NSA, Burnham says, has a long history of vetting international communications with the U.S., but he suggests that now this has changed from steaming open letters to Russia to mass eavesdropping on electronic data flows, the threat is of a different order. There is a strong rumour, he reports, that NSA has now perfected a voice recognition technique to enable its machines to sift phone calls for "flag" words such as, one supposes, "Moscow."

Perhaps even more sinister since it is so mundane and potentially routine was the decision of the Carter Administration to permit cross-matching of electronic lists of federal employees and social security claimants in an attempt to winkle out fraud.

The U.S. may possess a voice recognition technique to sift phone calls for words such as 'Moscow'

The proliferation of data banks in the private sector and the growth of shopping by phone and by television will also, Burnham argues, undermine privacy both in a personal and collective sense since it will permit a remote power, whether it be a retailer or a government, to know enough about an individual or a community to refine the perfect marketing pitch.

Two-way cable TV and the instant referenda now occurring in some parts of the U.S. are seen as part of the same emerging landscape by which the public mood and taste will first be shaped and then exploited. Information again is power.

It goes without saying that there are many loopholes in a case as ambitious as this one. The emergence of cable TV and narrow casting may enable the message to be pinpointed for the market, but to many of us that would be a welcome relief from the seamless web of mass broadcasting.

However, the core of Burnham's argument that we have not yet taken seriously the need to respond to the awesome speed and capacity of computers remains convincing. What should we do?

Burnham suggests three possibilities: social, technological and legal. By the first, he means education and by the second, devices such as scramblers to protect electronic information. The third speaks for itself.

There are problems with all of them. The first is uncontroversial, but more easily said than done. The second is expensive and subject to rapid obsolescence. The third, on the face of it the most obvious, has been weakened by experience, which suggests that watchdog agencies and general rights to inspect electronic files, such as contained in the 1974 U.S. Privacy Act and many similar laws in Europe, are seldom used.

Perhaps this is because watchdog agencies are under-financed and under-staffed, as critics already charge will be the case with Britain's new Data Protection Commissioner. Or perhaps there is something basically flawed about legislating protection against the misuse of electronic information in a way no one would have considered legislating across the board about non-electronic information.

If we were to follow a more selective approach, it would be a question of allowing for the electronic factor when we are making laws about, say, consumer credit or the police. In this way we would not be mixing up the many issues at stake, ranging from government secrecy to the individual's right not to be exposed to certain types of marketing. Nor would we be in danger of attacking the centralisation of power with a new central agency, inventing Big Aunty to keep an eye on Big Brother.

The Computer State, David Burnham. Weidenfeld and Nicolson, £10.95.

Letters to the Editor

Over £1bn savings possible at British Gas

From Mr D. Craven

Sir,—Assuming that your summary (August 24) of the consultant's report into the efficiency of the British Gas Corporation is representative, I must conclude that the mighty tome you describe merely scratches the surface of a deep-rooted malaise.

A local entrepreneur once described direct labour as "leisure on the rates." It is certainly my firm belief that corporate bodies (i.e., those larger enterprises, wherein management is divorced from ownership and owner no longer works in the business) are necessarily inefficient employers of labour. If one accepts this credo one is driven to conclude that the use of contractors and agencies should be maximised.

Thus, following the logic of the argument, all gas mains and services should be laid by contractors. architectural and engineering specifications should be prepared by professional practitioners and the construction of capital works should be overseeen by consultants. Likewise, R & D is better left to the manufacturers concerned or to the appropriate nationally established institutions.

The testing, sale, installation and maintenance of appliances should be left entirely to the private sector, with BGC restricting its activities to ensuring that proper safety standards are maintained through a "permit to install" and inspection system.

Such fringe activities as management and apprentice training, energy conservation schools and health and safety courses should likewise be abandoned, as should the home advisory and international consultancy services, and that quango, the Gas Consumers' Council. Meter reading, billing and debt collecting should also be let out to appropriate agencies.

I am certain that if the above philosophy were to be effectively implemented one would witness a massive rise in productivity. By adopting the principle of "user pays" whereby cross-subsidies are eliminated, a real reduction in the price of gas would be possible.

Doubtless the Government would welcome the gargantuan cash inflow resulting from the sales of showrooms, offices, depots, vehicles and so on — as would taxpayers if the resultant cash were to be used for reduction of income tax! I do firmly believe that the nation's economy would receive a real fillip as these resources were re-deployed more efficiently by the private sector.

What I am advocating is nothing new. Indeed, quite a number of European gas utilities practice this philosophy to some extent. Its implementation would, however, be painful, with perhaps up to 70,000 BGC employees having to be redeployed.

According to BGC statistics (taken from its 1982-83 annual report) it employs over 100,000 people to handle almost 16m consumers. This is equivalent to 6.35 direct employees per 1,000 customers. I believe that Gaz de France employers fewer than four and am confident that if my recommendations were to vigorously implemented the BGC could soon attain a ratio of three.

The outcome, I predict, would be an annual saving not of £100m as suggested by Messrs Deloitte, Haskins and Sells, but a figure in excess of £1bn.

D. Craven.
44, Brunswick Street.
Lower Hutt,
New Zealand

Opposition to Sizewell

From Mr D. Ross

Sir,—In his interesting analysis (Lombard, September 2) of the Sizewell opposition groups, Mr David Fishlock argues that they "do not have a clear, cogent reason why the station should not be built." As one of the registered objectors who has been singing what he calls "the unsung merits of wavepower," I would submit that there is one theme which does unite us. Whether we are concerned with safety, economics or the renewables we are all, from different directions, saying that nuclear power has failed to live up to its promise.

The British delegation from the old Ministry of Fuel and Power told the conference on the peaceful uses of atomic energy in Geneva in 1955 that we should be adding 3,000 MW of nuclear power every year and that by 1975 the total installed nuclear power "may be of the order of 10-15,000 MW." Eight years later, we still have only 5,000 MW. Yet the Government is still making the same sort of assumptions about nuclear power's future. We are also always being told of its comparative cheapness but neither industry nor domestic consumers has yet seen any evidence of that.

Mr Fishlock himself reported, accurately I am sure, that Dr Zebroski, the director of the Nuclear Safety Analysis Center in Palo Alto, California, intended to enter the reactor at Three Mile Island "over the next two to three months." That was more than three years ago. If the experts closest to the scene can be so wrong so often and so recently, what grounds exist for confidence in the assurances that they now give?

David Ross,
55 Ruskin Park House,
Champion Hill, S.E.5.

Moviegrammes and cinevision

From Mr A. Williams

Sir,—I am a regular reader of Chris Dunkley's weekly TV column perhaps because I frequently find myself agreeing with his observations and opinions and admiring the erudite and concise manner in which he makes them.

In his column of August 31 he expressed dismay at Channel 4 "cinevision" producing "moviegrammes" and wonders why the cinema has not contributed its glamour, budgets and entertainment. The answer is simple: very few cinema people have been involved.

From the outset Channel 4 management set out to avoid contact with established film industry people, instead preferring to use those with only TV experience or no experience at all. There are of course exceptions, and Film on 4 has often used film industry technical talent, but broadly the channel has chosen to avoid the heritage of the British entertainment film.

While it must be applauded for its encouragement of new talent, too often this has been incestuously linked with the British Film Institute and the National Film Finance Corporation. It has also been more interested in the sort of subject that is inherently uncommercial and hence unable to attract overseas interest and bigger budgets. It is significant, for example, that the senior commissioning editor for Film on 4 was recruited from BBC TV's Play for Today rather than the film world.

I would not like to see Channel 4 disappear as a source of finance or a market place for low/modest budget British films, but it would be a healthier operation if it fulfilled the Government's original intention that it should support the film industry and learn from the 70-odd years of management experience to be found in it.

Anthony Williams,
Sandfire Productions,
Pinewood Studios,
Iver, Bucks.

Profits and losses

From Mr W. Henderson

Sir,—Could someone please explain to me why it is that unprofitable state-owned coal mines, shipyards and steel mills must be shut down with thousands of job losses; that the state-owned railways and gas corporation freely raise their prices to meet profit criteria imposed by the Government; but private sector farmers are paid large subsidies to produce loss-making and unsaleable crops and products?

W. A. Henderson.
Marden Grange, Devizes,
Wiltshire.

Support in adversity

From the Honorary Governor, Bank of Italy

Sir,—I read with deep interest (August 30) the extract from Rupert Cornwell's book which deals with the attack brought against the Bank of Italy in 1979. I wish to dispel a doubt that may be raised in the reader's mind by its concluding sentence.

The appointment of Dr Ciampi as my successor was in no way part of the assailants' "desired effect." He had worked with me for many years, and had been chosen at my suggestion to become deputy general manager in 1976 and general manager in 1978, before taking, again on my proposal, the post of governor in 1979. All along these years, I have had reason to admire, and to be greateful for, his absolute loyalty to the bank, and its reflection in the moral support he gave me in adversity.

Paolo Baffi.
Banca d'Italia,
Rome.

Duty-free shops

From Mr B. Jamieson

Sir,—I went on a trip to Iceland a few years ago. The flight was by Icelandair and the aeroplane did not carry much in the way of duty free goods the reason being that we were able to visit the duty free shop at Keflavik airport before passing through customs.

This neat arrangement is exactly what Mr Hazzledine (August 31) suggests but I have only come across it in Iceland.

Incidentally, it always seems to me that I should love to find some goods on which the duty had been deducted but without a hefty premium being loaded afterwards.

B. G. W. Jamieson.
Redvers, 18, Binfield Road,
Byfleet, Surrey.

FINANCIAL TIMES

Wednesday September 7 1983

Exco in move for control of Telerate

By Dominic Lawson in London

EXCO International, the London-based money broker and financial services group, is calling on shareholders for £48.2m ($71.8m), through a two-for-nine rights issue at 440p per share. The principal reason for the cash call is to gain control of Telerate, the U.S. computerised financial information service.

Exco has been steadily increasing its stake in Telerate which in April was floated on the New York Stock Exchange at $20 per share. The managing director of Exco, Mr Bill Matthews, said yesterday: "We have wanted a controlling stake in Telerate for about 18 months. But it was not desirable for balance sheet reasons, until Telerate went public."

From the proceeds of the rights issue, about £17m will be applied in acquiring 1.25m Telerate shares at $20 each.

Of those shares, 1m have been acquired from investment clients of Gartmore Investment Management. Only last month Exco completed the acquisition of a controlling stake in Gartmore. Mr Matthews said that the timing was entirely coincidental. The Gartmore clients were independently advised by brokers Rowe & Pitman. Mr Jim Hamilton, head of the corporate finance section of Exco brokers Grieveson Grant, said, "it would possibly have been a controversial transaction if outside advice had not been taken."

Another £17m of the issue's proceeds will be applied to reduce a $43.5m term loan which was incurred as part of Exco's reorganisation of its U.S. interests earlier this year. The £14m balance will be used to broaden the capital base of the group. "Maybe we could use the money on some of our minority interests. There are some we can buy up," Mr Matthews said.

Exco yesterday released its results for the half-year to June. These showed an increase in pretax profits of 74 per cent to £12.5, from the restated comparative figure of £7.2m. "The only part of the business which did not come up to outside expectations was money broking. The slow down in international bank lending takes away some of the stock in which we deal," the managing director added.

After the announcement Exco's shares were marked down heavily from 538p to 503p. Lex, this page

Bonn defends plan for increased state aid

BY JONATHAN CARR IN BONN

WEST GERMANY's centre-right Government will make still more money available in state subsidies next year, despite its often-expressed vow to cut back.

The Cabinet yesterday approved a report under which DM 29.1bn ($10.9bn) in direct financial aid and tax benefits will be made available in 1984, compared with DM 28.6bn this year.

Nearly DM 10bn will be used to help regions and industries (such as steel and shipbuilding) with special problems, as well as to promote technological research and innovation.

Much of the rest goes on subsidies for agriculture (DM 2.8bn) and transport (DM 920m) and on promoting employee savings schemes and helping those people with low incomes pay their rent.

The opposition Social Democrats (SPD) promptly stressed, with unconcealed glee, that Chancellor Helmut Kohl's coalition came to office a year ago determined to make big cuts in state aid.

The SPD said it had always felt that such cuts, at a time of weak economic growth and high unemployment, would merely create more problems. The ruling coalition had evidently come to the same conclusion.

The Government defended itself by saying it had pushed through savings without which the total subsidies in 1984 would have been DM 3.5bn higher.

It also produced a chart indicating that a lot of other governments were providing more subsidies than Germany, and urged renewed international efforts to end the practice.

Nonetheless, there are clear signs of disappointment within the government parties, and among their supporters in the country, that a tougher line has not been taken on state aid.

The dilemma facing the coalition was underlined at a press conference in Bonn yesterday when Count Otto Lambsdorff, the Economics Minister, reviewed the situation in coastal regions and in the coal industry.

Count Lambsdorff said Bonn would be willing to provide DM 80m extra aid over four years to help the city-state of Bremen, which has growing steel and shipbuilding difficulties and a record unemployment rate.

He also underlined that the Government would continue to provide special help for the coal industry, which is due to receive DM 1.3bn next year under the subsidies programmes.

Coal is regarded as a "special case" since it is West Germany's only native energy resource of any size. What bothers the opponents of subsidies is that the number of "special cases" seems to be increasing.

Citicorp reveals sharp jump in Latin American loan arrears

BY WILLIAM HALL IN NEW YORK

CITICORP, the major U.S. bank, has revealed that non-performing loans in its international loan portfolio have jumped by 54 per cent to $1.7bn in the first six months of the current year. The increase results primarily from the growing financial problems of private sector borrowers in Latin America, many of whom are finding it hard to service their loans because of shortages of foreign exchange.

Non-performing international loans have risen from less than half of the bank's total of non-performing commercial loans in 1980 to three-quarters of the total of $2.3bn at the end of June 1983.

A year ago the group, which is the biggest U.S. lender to troubled Latin American debtor countries, had $700m of non-performing international loans. This total had risen to $1.1bn at end 1982 and $1.4bn at the end of the first quarter of the current year.

The data is contained in Citicorp's latest 10Q filing with the Securities and Exchange Commission, covering the second quarter of 1983.

Loans are classified as non-performing when interest arrears stand at more than 90 days in the case of nationally chartered banks like Citibank, and 60 days in the case of state-chartered banks like Morgan Guaranty and Chemical.

Citicorp is one of only a few U.S. banks to disclose the size of its non-performing international loan portfolio. It notes that its experience has shown that a substantial percentage of non-performing loans are ultimately collected.

Citicorp's net income in the first half of 1983 rose by a third to $438m. But the steady growth in the non-performing part of its loan portfolio underlines the problems it, and other international banks, are facing in their lending to Latin America's heavily indebted countries.

Although rescheduling agreements are being undertaken this is to a large extent affecting public sector borrowers in the first instance, and progress on rescheduling the loans of private sector borrowers is proceeding at a slower pace.

In terms of the group's primary capital, the percentage of non-performing international loans has doubled to 28 per cent over the last 12 months.

● **Wells Fargo**, representing 12 international banks that have made loans to Venezuela's private-sector borrowers, has appealed directly to Venezuelan President Luis Herrera Campins to end the feud between the country's Finance Ministry and the central bank, which is delaying repayments of loans and interests.

The U.S. bank, acting as agent for two loans to private-sector Venezuelan utilities, C.A. Luz Eléctrica de Venezuela and C.A. La Electricidad de Caracas, has sent a telex to the Venezuelan head of state, asksing him to intervene to speed up payments. The two loans are $7.3m in arrears.

The action reflects the mounting frustration of international banks at the delays in receiving payments from Venezuela. Last month the country's Finance Minister, Sr Arturo Sosa, assured foreign banks that measures would be taken to speed up payments of interest on private-sector debt.

But Sr Sosa's plans to release foreign currency at preferential exchange rates to private-sector borrowers have been delayed by the central bank's apparent refusal to co-operate.

British unions will talk to Tebbit

By Our Labour Staff in Blackpool

TRADE UNION leaders in Britain are to enter into talks with the Conservative Government on its radical plans to reform labour laws.

The Trades Union Congress (TUC) meeting yesterday at its annual assembly in Blackpool, voted by 2-1 in favour of discussing the proposed changes with Mr Norman Tebbit, the Employment Secretary.

The vote was seen as a victory for union leaders of the centre and right who believe direct discussion with the Government offers the best chance of influencing legislation that might democratically alter the structure of the trade union movement.

Mr Len Murray, general secretary of the TUC, said after the vote: "Nobody – including Mr Norman Tebbit – should think that this decision by Congress to agree to talks with the Government means that the TUC is going soft on its united opposition to anti-trade union legislation.

"We remain fully convinced that the Government's proposals are irrelevant and dangerous and that, if implemented, will worsen industrial relations, not improve them, and constitute an unwarranted interference with trade union democracy, not enhance it."

Mr Murray's intervention in the debate was regarded by all sides as crucial and unusually passionate.

He attacked union leaders on the left who argued for a continuation of the present strategy of non-co-operation. "Do you think all we have to do is escalate our verbal threats for the walls of Number 10 (Downing Street) to crumble?"

Delegates who were opposed to a dialogue with the Government were asked if they really believed they could carry their members with them. A resolution from the Bakers' Union calling for a 24-hour general strike as a first step against the legislation found little support.

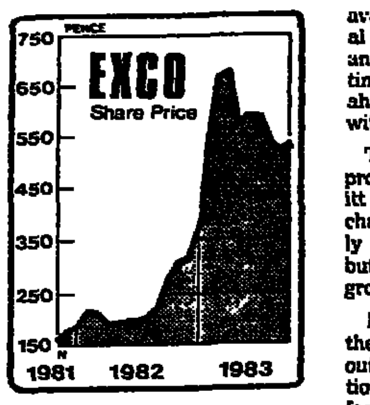
Mr Arthur Scargill, president of the National Union of Mineworkers, urged complete non-compliance with the Government and the legislation. "I would ask this Congress to stop crawling to Norman Tebbit, to stop collaborating with the Tory Government. Get off your knees and fight. That's the way to destroy him."

Conference report, Page 10

THE LEX COLUMN

Exco closes the Telerate circuit

Exco International insists that its purchase of a controlling stake in Gartmore Investment Management, completed last month, had nothing to do with the happy inclusion among Gartmore's funds of 1m shares in Telerate. In which case, either Exco is being unduly modest or else is blessed with more than its fair share of divine inspiration. For the purchase, aside from giving Exco indirect control of Telerate, has now facilitated the acquisition of those precious 1m shares to add to another ¼m bought from one of its own directors and 50,000 which Exco has taken weeks to buy in Telerate's thin public market. The result, after 18 months of painstaking share manoeuvres, is direct control for Exco of Telerate.



Yesterday's strong half-year figures – with pre-tax profits up to £12.5m from a restated £7.2m despite some weakness on the money broking operations – should ensure a good reception for the £48.2m rights issue which will pay for this purchase as well as more than half the cost of its other recent U.S. expansion.

The rights issue comes after Telerate's own 10 per cent flotation in May. This first stage of the operation has left Exco able on consolidation to show part at least of Telerate at a market valuation – £26m – whereas before the public flotation it would have had to have shown Telerate at its original cost and carried goodwill of some £25m. Total goodwill in that case would almost have equalled shareholders' funds before any rights issue. As it is, Exco's goodwill of £55m emerges as more than manageable within shareholders funds of about £104m, and net cash approaching £40m.

This is a sound basis for Exco's future expansion in which Telerate has obviously been assigned a key role. Prospective earnings of £33m this year put the shares, down 10p at 528p, on an ex rights p/e of 19 assuming an actual tax rate of about 50 per cent.

Money supply

The obituaries may have been read over the consumer spending boom, but so far there is precious little sign of any burial. Yesterday's final retail spending figures for July virtually revised away the provisional fall, and disclosed a 2½ per cent jump in sales of durables. The strong demand for mortgages – which have a way of leaking into the non-housing account – suggests that the consumer may be able to keep the spending up for longer than generally recognised. Certainly, loan demand on the clearers in banking August accelerated again, due almost entirely to the personal sector, and it looks as if the underlying increase for all banks could be in the region of £1.2bn.

So the modest extent of the rise in sterling M3 in the period – of about ¼ per cent – rests heavily on the continued flatness in industrial borrowing. Helped by the vigorous pace of new issues, industrial companies have probably been repaying loans in the month. At the same time the authorities seem to have taken pains to ensure that the outcome would look respectable. Gilt sales of over £1bn means that there has been overfunding – with the issue of the Convertible 1986 delicately timed to coincide with make-up day. And there has certainly been no nonsense about making early redemptions in the month.

The higher gain in PSL2, of about ¾ per cent, reflecting the greater competitiveness of the building societies, is probably a better guide to the underlying position. Nevertheless, annualised growth in £M3 in the current accounting period is beginning to look a great deal more respectable at 12½ per cent. While the markets may no longer be worried about an interest rate rise, the renewal of any downward momentum still looks anything but imminent.

Reckitt & Colman

Reckitt is still doing pretty well in its attempt to show what can be achieved by tightening up every available screw, dropping peripheral businesses, de-manning factories and squeezing working capital. This time, first-half profits are tidily ahead of most outside forecasts, with a 20 per cent jump to £40.8m.

The nearest thing to a surprise is probably the degree to which Reckitt has managed to cut the interest charge: net financing costs of barely £1m reflect last year's disposals, but they also bear witness to the group's ability to generate cash.

Reckitt's next move remains in the balance. Past fiascos do not rule out the idea of a large U.S. acquisition. Meanwhile, U.S. profits from food operations are being ploughed back into the national launch of Reckitt's Bleachmatic lavatory cleaner. The fact that this is marketed in the U.S. under the quaintly aggressive name of "Bully" only serves to emphasise the familiar risks that attend anyone who tackles Proctor & Gamble in its home territory.

Whatever the longer-term doubts – which Reckitt's exposure to difficult African and South American markets does little to quell – pre-tax profits could well reach £85m this year. This, and the dividend increase, helped lift the shares 12p yesterday to 452½p, keeping them ticking over on a multiple of just under 13 times prospective net earnings.

IMI

Recovery is filtering rather faintly through to metal-bashers, if IMI's first half figures are anything to go by. Pre-tax profits are indeed up by £5m to just over £12m, but £1m of this comes from the mandatory first-time inclusion of metal-dealing profits while almost another £1m can be attributed to the inclusion of last year's Cornelius acquisition for a full six months.

Still, there was a volume increase – of 4 per cent year on year – for the first time since the recession took hold in 1979. IMI's gradual shift away from its dependence on copper will tend to increase margins and cut working capital needs over the next couple of years, when there must also be a chance that the aerospace cycle will lift its titanium business. But the company may struggle this year to make the £28m pre-tax for which the market was looking before these results.

Viacom and Warner Amex in cable venture

BY PAUL TAYLOR IN NEW YORK

THREE leading U.S. entertainment companies yesterday agreed to set up a new joint-venture company to operate the second and third-largest U.S. pay television channels.

Under the terms of the deal, a new company called Showtime/Movie Channel has been formed, bringing together Viacom International's Showtime television satellite network, which has 4.5m subscribers, and Warner Amex's Movie Channel which has 2.5m subscribers. Both channels will retain their separate identities and continue to offer 24-hour programming.

Viacom will have a 50 per cent stake in the joint venture, Warner Communications 31 per cent, and Warner Amex, a loss-making joint venture between Warner Communications and American Express, the remaining 19 per cent.

The merger represents the latest and most important rationalisation within the U.S. pay television and cable industry, which has recently entered a period of consolidation after its rapid expansion.

Both Showtime and the Movie Channel have been fighting a fierce battle for subscribers and advertisers with Home Box Office, the Time Inc unit that is by far the largest pay TV service in the U.S., with 12.5m subscribers, and a related movie service called Cinemax with 2.5m subscribers.

The move to set up the venture follows an earlier plan under which Showtime and the Movie Channel would have been merged into a new company involving Warner Communications and two other big U.S. picture studios: Paramount Pictures, owned by Gulf and Western; and Universal City Studios, owned by MCA. That plan was abandoned after the Justice Department objected to it on anti-trust grounds.

The Justice Department gave its blessing to the latest proposal last month after Paramount Pictures and Universal Studios dropped out of the scheme.

Details of the latest deal emerged for the first time yesterday when the companies announced completion of the formation of the joint venture.

As part of the deal Viacom, a big U.S. cable operator as well as programmer, has received a $40m cash payment. In return, the assets of Showtime, including two transponders from the Satcom, F 3R satellite, will be transferred to the joint venture, as will the assets of the Movie Channel, including one transponder on Satcom F 3R. In addition, Viacom has made available, at cost, its two transponders on the Hughes Galaxy 1 satellite.

The joint venture will be headquartered in New York with expanded West Coast operations and a field network throughout the U.S. As part of the agreement, Viacom has also agreed to provide consulting services to Warner Communications for six years for a $5m-a-year fee.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Dubrovnik	S	25	77	Malaga	S	27	81	Salzburg	R	16	61
Akrotiri	S	28	82	Faro	S	30	86	Malta	S	28	82	Seoul	S	28	82
Algiers	S	28	82	Florence	S	29	84	Manila	S	33	91	Singapore	S	32	90
Amsterdam	S	16	61	Frankfurt	F	20	68	Miami	S	31	88	Stockholm	F	17	63
Athens	S	28	82	Funchal	S	29	84	Milan	S	25	77	Strasbourg	F	24	75
Bahrain	S	37	99	Geneva	F	25	77	Moscow	F	22	72	Sydney	S	24	75
Bangkok	S	34	93	Gibraltar	S	25	77	Munich	C	17	63	Taipei	S	34	93
Barcelona	S	26	79	Guernsey	F	16	61	Nairobi	—	—	—	Tangier	S	30	86
Beirut	C	28	82	Helsinki	C	14	57	Naples	S	27	81	Tehran	—	—	—
Belgrade	F	24	75	H. Kong	C	29	84	New Delhi	C	34	93	Tel Aviv	S	30	86
Berlin	F	19	66	Innsbruck	F	20	68	New York	S	33	91	Tenerife	S	32	90
Biarritz	C	21	70	Inverness	F	13	55	Nice	S	25	77	Tokyo	S	33	91
Blackpool	R	14	57	Istanbul	F	26	79	Oporto	S	34	93	Toronto	C	30	86
Bordeaux	C	21	70	Jersey	F	17	63	Oslo	F	15	59	Tunis	F	30	86
Brussels	F	18	64	Jo'burg	S	20	68	Paris	F	20	68	Valencia	S	32	90
Budapest	S	24	75	Las Palmas	S	32	90	Prague	S	17	63	Venice	S	24	75
B. Aires	C	20	68	Lima	C	21	70	Reykjavik	S	8	46	Vienna	S	21	70
Cairo	S	34	93	Lisbon	S	31	88	Rio de J'o	C	30	86	Warsaw	F	17	63
Cape Town	-	—	—	Locarno	F	24	75	Rome	S	26	79	Zurich	F	20	68
Caracas	C	29	84	London	F	19	66								
Casablanca	S	25	77	Los Angeles	C	30	86								
Copenhagen	F	13	55	Luxembourg	F	16	61								
Corfu	S	29	84	Madrid	S	30	86								
Dublin	F	16	61	Majorca	S	31	88								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

CAP 'will run out of money in six weeks'

Continued from Page 1

Ten of CAP economies and on raising the ceiling on the Community's budget income.

The distilled view in Brussels appears to be that the Community is not being pulled back from the brink of bankruptcy by higher world prices. It remains doubtful whether the 16.5bn Ecu earmarked for the CAP in the draft 1984 budget will be enough to fund it without an early programme of economies.

The savings which will be registered in the cereals sector – thanks largely to the impact on world prices of the drought-reduced U.S. crop look likely to be soaked up by the gathering crisis in the dairy sector.

Milk output has been rising at 3 to 3.5 per cent over the last two years, pushing public stocks of butter to a record level of more than 600,000 tonnes (compared with 44,000 tonnes a year ago) while skimmed milk powder in storage totals 916,000 tonnes (396,000 tonnes a year ago).

There has been no rise in world dairy prices to match that in cereals, partly because of the depressing effect of the growing EEC surplus and partly because the Soviet Union and East European countries appear to have deliberately stopped buying.

July profit for Air Florida

By Our New York Staff

AIR FLORIDA, the financially troubled U.S. air carrier, said yesterday that it recorded in July its first monthly net profit for 24 months.

Mr Donald Lloyd-Jones, chairman, said, "while we do not, as a rule, report financial results on a monthly basis, we believe July's results, while modest, are indicative of the company's financial turnround."

The company, which late last month announced that it had succeeded in restructuring a small part of its debt, said that it was still threatened with closure.

Western pilots ban all flights to Soviet Union

Continued from Page 1

This is likely to cause immense inconvenience to the Soviet Union. Western passengers, will suffer some disruption, but the pilots believe that most would accept that some kind of direct demonstration of Western disgust at Moscow's action would be tolerated.

The pilots recognise that it is up to individual Western governments to ban direct Aeroflot flights into their territories – the pilots cannot directly control that, except by bringing pressure to bear on air traffic controllers and ground handlers not to handle Aeroflot flights.

But the pilots can introduce their own sanctions, as they have already done. They did so when terrorist actions, such as hijacking, became prevalent, and thereby forced governments to take much tougher action to fight that menace.

The airline employers may not like the ban but they can do virtually nothing to stop it, in the face of the pilots' exceptionally strong anger at the Soviet Union's action.

Mr Tom Ashford, the vice-president of the American Air Lines Pilots' Association, who went to London this week to discuss the possibility of sanctions with the British Air Line Pilots' Association and the Ifalpa, said yesterday: "The Soviet Union's action is an aviation crime, and must be treated as such. The Soviet Union must be isolated in terms of aviation, just to demonstrate how strongly the Western world feels about the matter."

The pilots are concerned that if the Soviet Union can get away with its actions, it would be only a matter of time before another country felt that it could do the same thing.

There have been examples of terrorists firing missiles at civil aircraft – for example in Zimbabwe before independence – and the pilots are deeply concerned that there might be another such incident, unless concerted international action is taken to punish offenders.

Aeroflot flies to well over 100 international destinations outside the Soviet Union and Warsaw Pact countries, mostly to Western or Asian and Far East countries, with reciprocal flights by most other Western nations, even if only once a week.

Cities in Western Europe served by Aeroflot, and its national counterparts, include Amsterdam, Athens, Copenhagen, Frankfurt, Geneva, Hamburg, Helsinki, Lisbon, Luxembourg, Madrid, Marseilles, Milan, Munich, Oslo, Rome, Stockholm, Vienna, and Zurich.

Outside Western Europe, and apart from flights to Canada (already halted), the U.S. and Central America, there are operations to many places in Africa, Calcutta and Delhi in India, Karachi in Pakistan, and the Far East, including Japan, Thailand, Malaysia and Singapore.

Even if only a limited number of countries introduce the ban on Soviet flights, the disruption could still be severe, because many of those flights overfly several countries.

A country lying across one of those routes which implemented the ban could effectively prevent others from serving the Soviet Union, simply by denying them air traffic control facilities or denying them access to their airspace.

The Canadian Government's action in denying Aeroflot rights to fly to Canada will severely disrupt, if not halt, that airline's flights to Central and South America, because the transatlantic crossing by Soviet Ilyushin IL-62 jets use air traffic control facilities at Gander, Newfoundland.

Denied that facility, Aeroflot could only reach Central America via circuitous routes in Africa, and even then some southern European countries could deny it overflying rights.

The Aeroflot flights are generally on a "three-tier" basis. There are the primarily commercial flights, for businessmen and tourists, such as those linking Soviet cities like Moscow, Lenigrad, Kiev with Western European cities, and "friendship" flights, whose passengers include students from Africa, and the Far East.

The third tier is primarily political and military flights which take advisers and other officials to countries seeking Soviet assistance, for example, flights to Cuba.

Differentiating between such operations is difficult since Aeroflot flights often have all three types of passenger.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday September 7 1983

Mitsubishi plunges to loss in first half

By Our Financial Staff

MITSUBISHI Chemical Industries, Japan's largest chemicals company, made an unconsolidated net loss of Y1.08bn ($4.38m) in the six months to July 31 compared with a profit of Y56m in the same period in 1982. The company has passed its dividend for the third successive six-month period.

The half-year loss was due primarily to a Y11.05bn loss made at its aluminium smelting subsidiary. Net extraordinary losses totalled Y8.9bn against a profit on the same account of Y2.16bn a year earlier.

In an attempt to boost revenues the company was obliged to sell more of its share portfolio, raising Y8.54bn by this means. In the year of January 1983 Mitsubishi Chemical also made a net loss of Y8.6bn despite share portfolio sales of Y6.1bn.

Although the company had forecast a recovery for this year in profitability of petrochemical sales the first half failed to live up to this expectation. Sales of petrochemicals were only marginally higher at Y154.6bn while sales of most other lines – carbon-based, chemical and agricultural products – all fell. Exports also fell, by 6 per cent, to Y38.75bn to account for 10.7 per cent of the total. As a result, total turnover dropped 3 per cent to Y361bn from Y372bn.

Cheap imported products and the effect of the yen's depreciation are among the reasons given by the company for its poor performance.

Setback for Sekisui House at midway

By Yoko Shibata in Tokyo

SEKISUI HOUSE, Japan's largest prefabricated housing manufacturer, suffered setbacks in unconsolidated net profits down by 35.2 per cent to Y5.07bn ($20.8m) in the half year to July 31.

Parent-company sales of Y225bn were down by 2.3 per cent from Y230bn in the previous year, reflecting a fall in sales of houses with higher profit margins. Profits per share dropped to Y13.96 from Y23.94.

Because of the slow recovery in housing starts, the number of prefabricated house sales declined despite brisk sales of apartments. As a result, the company's housing construction division's sales fell by 0.4 per cent to account for 79 per cent of the total. Sales by the real-estate division fell to Y47.1bn, down 9 per cent.

The interim fall in sales is the first recorded by the company since it was founded in 1929.

In the current year to January 1984, the company expects a further recovery in housing orders. In the first half, those increased slightly by 1.5 per cent to Y252bn.

Kenneth Gooding examines a major European car maker's bid to expand overseas

Renault builds Mexican base for drive north

ANOTHER key element in Renault's five-year strategic plan can be slotted into place now Mexico has agreed to a major reorganisation of its operations there.

M Bernard Hanon, Renault's president, said the changes would not only enable his group to build up its presence in the Mexican car market – he looks for 15 to 16 per cent by 1985 – but would also allow it to grow in North America and open another export market for Renault's French plants.

The Mexican Government will sell its shareholding in Renault de Mexico to the French group, which will then have 92 per cent. Renault is also to buy out the government stake in VAM (Vehiculos Automotores Mexicanós), the Mexican associate of American Motors. This will give it 95 per cent of VAM.

The cost will be about $30m but the Mexican Government has agreed to absorb 16bn pesos ($108m) of losses incurred by the two companies.

Renault will build a car engine plant in Mexico to come on stream in 1985–86. It will export most of its output (perhaps 70 to 80 per cent) to American Motors' plants in the U.S. Renault has a 46 per cent shareholding and management control of American Motors.

The export credit built up in this way will allow Renault to export more products from France to Mexico and to sell a more attractive range through the combined Renault and VAM dealer networks.

M Hanon says Renault has still to work out the exact cost of the engine plant, but industry estimates suggest at least $100m would be involved.

Renault production in Mexico will be enlarged by introduction of the R9, the mid-sized saloon introduced in Europe in the autumn of 1981 but designed to be assembled throughout the world.

M Hanon maintains: "We will become a really significant presence in the Mexican car market in two or three years." Currently the group has 7 to 8 per cent.

In the U.S., Renault is still waiting for the $400m it has ploughed into AMC in the past three years to pay off.

The R9, in its U.S. form known as the Alliance, has made a successful debut, romping into 16th place in the bestseller list. In the first quarter sales reached over 33,000 to give the Alliance a market share of 5.6 per cent.

But M Hanon says AMC's complete recovery will have to wait until after the new, lightweight Jeep

M Bernard Hanon

four-wheel-drive vehicles are launched in the autumn this year. "AMC can't run on one foot," he said. "We have always said that if the company is to be profitable both the car and Jeep operations need to be strong.

"Assuming that the new Jeep is as successful as the Alliance, AMC should be operating at a profit by the second half of 1984," he said. AMC's net loss last year was $153.5m.

The new Jeep was scheduled to put in an appearance earlier this year but M Hanon says the delay was caused by Renault's insistence that it perform as well on the road as across country. Renault also wanted the quality to match the standards set by the Alliance.

Renault has plunged more deeply into the North American truck market through the deal to buy a further 25 per cent of Mack Trucks, taking its stake to 45 per cent. It also has an option on a further 15 per cent.

M Hanon admits the timing of the Mack deal was not particularly to his liking but was sparked off by the merger between Signal Corporation, from which Renault bought its original Mack shareholding for $115m in 1979, and Wheelabrator-Frye.

However, what he describes as "a clever deal" was worked out which will limit Renault's initial financial obligations. The French group will pay $100m in equal instalments in 1983-84-85 for its increased stake in Mack – plus the management control which goes with it.

The 1979 agreement provided for Mack to distribute French-built, medium-weight, diesel-engined trucks in North America where they are sold as the Mack Midliner in the 9 to 15 tonnes segment.

The deal will "allow Renault to develop the potential for truck exports to North America: to spread research and development costs and give economies of scale through the eventual – but long-term – harmonisation of the Renault and Mack truck ranges," says M Hanon.

"Renault will become a sizeable presence in the two biggest truck markets, Western Europe and North America, accounting for 65 per cent of world sales between them," he adds.

M Hanon makes it clear that Renault wishes to keep Mack as a U.S. company. For the same reason, American Motors has not become a majority-owned subsidiary. Renault would only take up its option on the further 15 per cent of Mack in extreme circumstances.

Although Mack suffered a $32.3m loss in 1982, M Hanon insists the company "has shown it can contain losses even though the U.S. truck market has collapsed. It has a very low break-even point now. Even a modest recovery, say to a market of 110,000 to 120,000 a year (compared with 73,000 in 1982) would put Mack back in the black.

"By 1985 Mack should be a profitable operation."

M Hanon also recently completed arrangements with Renault's local partners in Taiwan to assemble the R9 there. The R9 was always intended to take on the Japanese in the Far East via local assembly.

In Europe the year started badly for Renault. Its home market share in March was down to 32 per cent compared with the peak 41.6 per cent last November. Consequently, Renault lost its place as Western Europe's top-selling car maker and its market share was down from 14.1 per cent for 1982 to 12.1 per cent in the first quarter of 1983.

But M Hanon says this was due to the prolonged strike at the Flins plant near Paris where the best-selling R5 and R18 are produced, costing output of 35,000 to 40,000 cars in the first quarter of 1983.

He points out it takes several weeks to get output back to normal and that in April Renault's home market share was back to 38 per cent and its European share was 13 per cent.

Renault's losses rose to FFr 1.28bn ($160m) last year from FFr 690m and the group as a whole will remain in the red in 1983, says M Hanon, mainly because depressed conditions will prevent the truck business from full recovery.

Cable and Wireless ties up rail deal

By Paul Taylor in New York

CABLE AND WIRELESS, the UK-owned international telecommunications company which is planning a major U.S. expansion into the long-distance telecommunications business, confirmed yesterday that it was about to sign a deal with the Missouri–Kansas–Texas Railroad Company.

Last month Cable and Wireless revealed that plans to invest a sterling "eight figure" sum in two projects which will involve carrying communications services on optical fibres laid in ducts along railway tracks.

The company said yesterday that it was close to signing the first deal with Missouri–Kansas–Texas Railroad Company, a subsidiary of Katy Industries, the diversified industrial equipment and consumer products group.

Cable and Wireless added that it was also negotiating with "a number" of other U.S. railroad companys' concerning possible partnership agreements. The company did not identify the other possible partners.

The deal with Missouri–Kansas–Texas is expected to be signed "shortly" as the initial part of Cable and Wireless' push into the expanding but highly competitive long-distance telecommunications industry in the U.S.

The long-distance telecommunications market in the U.S. is thought to be worth about $35bn a year and is expected to grow rapidly as a result of the recent deregulation of the industry and the planned break up of the Bell System.

Under the proposed agreement Cable and Wireless will construct a 552-mile network in Texas using the railway's land.

CSX, Amtrac and Southern Pacific have recently announced deals with major telecommunications companies

Bols profits rise as demand returns

BY OUR FINANCIAL STAFF

LUCAS BOLS, the Dutch distiller, reports a modest improvement in profits for the first half of 1983 despite continued sales weakness.

After tax, profits have edged ahead to Fl 23.1m ($7.7m) from the Fl 21.6m returned for the opening half of 1982. Sales were Fl 403m, compared with Fl 376m.

The company makes the point that there was no general recovery in the spirits business in the six months, and that actual volume sales remained below 1982 in almost every trading area.

Over the past couple of months, however, demand has begun to show signs of an upturn. If this is sustained for the rest of the year, Lucas Bols is likely to emerge from 1983 with net profits ahead of last year's Fl 48.2m.

● **Douwe Egberts**, the tea and coffee producer, saw net income fall 16 per cent for the year ended June 1983 and proposes to cut its annual dividend to Fl 4 per share from Fl 4.50.

Operating earnings, especially in the coffee sector, have been under pressure. Profit margins narrowed as a result of competition and a temporary price freeze in France. Wines and spirits showed lower earnings, but profits from tobacco increased.

Nutricia boosted by exports at mid-year

BY WALTER ELLIS IN AMSTERDAM

INCREASED export revenue has helped Nutricia, the Dutch specialised foodstuffs group, increase its half-year earnings by 21 per cent, to Fl 8.6m ($2.8m). Sales rose by 2 per cent in the year to June 30, to Fl 243m.

Nutricia forecasts 12-month earnings in excess of the Fl 18.4m recorded last year.

Development costs have continued to put pressure on the results of Nutricia Laboratories, which were also affected during the first half by balance of payments problems in several important export markets.

The operating surplus for the January-June period came to Fl 14m – an increase of 10.3 per cent on first-half 1982 – with sales of consumer goods outside the Netherlands an important factor.

An interim dividend of Fl 1.40 per ordinary share has been declared, which compares with the Fl 1.25 paid out this time last year.

● **Naarden International**, one of the world's leading producers of flavourings and fragrances, increased its net profits during the first six months of this year to Fl 8.6m – an improvement of 43 per cent over the corresponding period in 1982.

FCA plans European expansion

By Our Financial Staff

FINANCIAL Corporation of America (FCA), parent of the largest savings and loan association in the U.S., last night announced a $2.6bn swap of mortgages for government-backed securities – the largest such transaction in U.S. financial history.

The fast-growing Los Angeles company, which has assets of $21bn, also plans to open offices in Zurich and Geneva in the next six months, and in London within a year.

FCA will exchange $2.6bn of mortgages for $1.6bn of Federal Home Loan Mortgages Corporation participation certificates and $1bn of Federal National Mortgage Association participation certificates. These marketable securities will increase FCA's potential liquidity.

Mr Charles W. Knapp, chairman and chief executive, said in London yesterday that the swap was the first stage in a plan to sell $5bn of mortgages inherited with the takeover this year of First Charter Financial, another California S & L.

The sales, which are additional to Financial Corporation's normal sales to the secondary market, are planned to be carried out by 1985.

Explaining the move, Mr Knapp said the company foresaw interest rates stable or slightly lower in the run-up to the U.S. Presidential election next year, but rising in 1985. Extra liquidity from the mortgage deals would then allow the company to reinvest in assets which "more properly track with the cost of funds."

Hyster leveraged buy-out plan

BY TERRY DODSWORTH IN NEW YORK

A $383m leveraged buy-out proposal was put yesterday to shareholders in Hyster, the U.S. forklift truck manufacturer. The offer came from a group formed by Kohlberg Kravis Roberts, leveraged buy-out specialists. A leveraged buy-out is a purchase financed largely by loans secured on the assets to be bought.

The company has appointed a special committee of directors, independent of management, to study the proposal which involves an offer of cash and preferred shares.

Shareholders are being offered $58 in cash – against a closing market price of $51½ on Friday – and $5 of newly issued preferred stock for each existing share. The shares rose on the news yesterday to $59½, where the company is valued at $362m against net worth of $291m.

The bid comes just as Hyster is emerging from a two-year period of rationalisation in which it cut its worldwide workforce from 9,000 to 4,800. The reorganisation involved a big shake-out in the U.S., where the company has been investing in highly automated production methods.

An attempt to run down production at Nijmegen in the Netherlands has been abandoned after fierce trade union resistance and a court ruling against the company. However, a component plant in Belgium has been sold and modernisation of a major plant at Irvine, in Scotland, has begun. Hyster also has a new plant in the Republic of Ireland.

The cost of this restructuring was charged directly against pre-tax profits in the first half of this year, when a $18.2m provision pushed the company into net losses of $9.1m after a $4.8m tax credit.

PRIME MINISTER SEAGA CONTINUES TO IGNORE CALLS FOR A DEVALUATION

Jamaica's currency confusion

BY CANUTE JAMES IN KINGSTON

FACED WITH a debilitating shortage of hard currency to finance imports, the Jamaican Government has been moving to bring some semblance of order to a chaotic foreign exchange market, and to control a multiplicity of exchange rates.

Ironically, the financial confusion which has overtaken the island's foreign exchange market is itself a creation of the government, and will undo the limited economic progress recorded over the past two years by the administration of Mr Edward Seaga, the Prime Minister.

It was Mr Seaga, who is also the Finance Minister, that set the stage for the confusion in the foreign exchange market when he implemented a two-tier system in January. The central bank maintained an "official" rate of Jamaica dollar 1.78 to the U.S. dollar for basic food, oil and drug imports, and for computing the foreign debt.

All other transactions were shifted to a "parallel" rate determined by the island's commercial banks, which were allowed to buy and sell hard currency. This was part of an attempt to kill a vibrant street market, and to compete, the banks started purchasing at about J$2.60 to $1.

These funds were sold to the business enterprises, authorised by the government, which used them, theoretically at least, to finance imports of raw materials and capital goods.

It soon became apparent that demand was outstripping supply. Holders of significant amounts of hard currency traded with banks

Mr Edward Seaga

willing to purchase above the notional published rates. Businesses were buying from the banks at rates as high as J$3.50 to $1, increasing their production costs and threatening their viability.

In an attempt to bring the situation under control, Mr Seaga at the end of last month instructed the commercial banks to post weekly rates for buying and selling. The banks started buying at J$2.91 to $1, and selling for J$2.96.

The shortage of funds, the high rates and the confusion hit the island's business sector hardest. President of the Exporters' Association, Mr Geoffrey Messado, said exporters could not be held responsible for a decline in foreign sales.

"A sharp decline in exports is inevitable if immediate steps are not taken to eliminate losses which exporters are going to incur," he warned.

President of the influential Manufacturers' Association, Mr Anthony Williams, said the sector was threatened by being forced to buy inputs with increasingly costly parallel market funds, while selling products at prices fixed by the Government.

Soon after, two factories, one manufacturing cosmetics, and the other biscuits, closed because of an inability to obtain parallel market funds at rates which allowed viability.

The island's two leading companies manufacturing pharmaceutical products went on a shortened work week. Manufacturers have said that this was the tip of the iceberg in an island where unemployment is officially put at 27 per cent.

The effective devaluation of the Jamaican dollar was increased in June when Mr Seaga placed more imports, including oil, on the parallel market, to take pressure off the increasingly scarce reserves of the central bank.

This set off another round of price increases, with the Prime Minister admitting that inflation this year would jump to double figures, after being held to 4.7 per cent in 1981 and 6.7 per cent last year.

The changes in the currency market are not likely to significantly combat the deep-rooted problems of the Jamaican economy. Bauxite mining, the pillar of the economy, fell by 30 per cent last year, leaving a gap of about $200m in anticipated gross earnings.

A consortium of European banks refused to lend the island $150m because, said Mr Seaga, it was worried by the parlous condition of other debt-ridden economies in Latin and Central America.

The Jamaican economy recorded a balance of payments deficit of $150m in the year to the end of March, forfeiting tranches from current IMF credit facility.

To support its request to the IMF for a waiver of the conditions, which was eventually granted, the Government chopped $150m from the foreign exchange budget. Permits for consumer imports have been terminated.

Increases in income from tourism, the second largest hard currency earner, are not expected to compensate for the loss from bauxite, and other traditional exports, sugar and bananas, have failed to meet production targets.

Despite these problems, Mr Seaga has continued to ignore calls for an official devaluation. This attitude is likely to be more the result of political face-saving than of pragmatic economic considerations.

It was Mr Seaga, as leader of the opposition, who led critics of his predecessor, Mr Michael Manley, when the latter made several devaluations in the late 1970s to meet IMF conditions.

While Mr Seaga will doubtlessly have to contemplate the prospect and cost of a devaluation, which will have to be at least 55 per cent, he is preoccupied with meeting a difficult target he has promised the IMF – an annual balance of payment surplus of $125m by the end of next March.

INTL. COMPANIES & FINANCE

Michael Thompson-Noel on the euphoria in Australia's stock markets

Hawke's milk and honey policies push shares towards new high

THE great Australian bull market is bellowing once more and the mood on stock markets "Down Under" has gone from the euphoric to the sublime.

For brokers and analysts, the recent stream of good news has been mellifluent, while in Canberra, Mr Bob Hawke the Prime Minister, has cited the market's ebullience as further proof that life under Labor will be all milk and honey.

By most accounts, Australian stock markets are now poised to strike an all-time high.

Yesterday the All-Ordinaries index rose 2.3 points to 725.5—a 26-month high. It has added on 30 points in the last five trading days, and is within 21 points of its all-time high of 746.3 reached on November 17, 1980.

The oil and gas index, which had spurted by almost 60 points to 743.7 in the previous three sessions on the disclosure of promising new oil finds, both on-shore and off-shore, edged back slightly, but interest remained firm, despite profit-taking.

Two-year high

At one point yesterday, shares in the market leader, Broken Hill Proprietary, reached a two-year high of A$12.40 before finishing 10 cents off (in Melbourne) at A$12.25. Stocks to shine included Bond Corporation, News Corporation, Poseidon and Central Norseman Gold.

Compared with their levels on March 4, immediately before the country's general election, the All-Ordinaries index has risen by 43 per cent, industrials by 34 per cent, metals and minerals by 34 per cent, and oil and gas stocks by 10 per cent.

"They're buying everything and anything," said one broker fastidiously. In the view of a second: "Buying has been very strong across the board—particularly oil and gold, but much else besides."

Said a third: "It's very difficult to judge, but this boom could last a few months, or possibly to the end of 1984. We've seen little like this since the 1960s. If the news keeps coming at this rate, the market is not overbought."

By "news," he meant the run of good tidings that has underpinned the market since early last February, when a general election was called, and Mr Hawke's Australian Labor Party (ALP) took office with a landslide win.

The factors which have underscored the virility of the bull run are:

- The improved outlook for the U.S. economy, and for world trade. Both are of critical importance to commodity and metal prices, and thus to Australian export success.
- The dizzyness on Wall Street.
- Firmness in the price of gold.
- Dramatically improved prospects for the domestic Australian economy.
- The demeanour of the Hawke government to date, which has the business community eating out of its hand.
- Enthusiasm over recent local oil discoveries, of which the most important is the Jabiru No 1A oil find in the Timor Sea by a consortium led by Broken Hill Proprietary (BHP).
- A recovery in profits, particularly among key mining and resource groups such as CRA, MIM, EZ Industries, Peki Wallsend, and Bougainville Copper.
- A recent flurry of takeover bids, from Mr Robert Holmes à Court's enigmatic A$4.13bn (U.S.$3.63bn) share-swap offer, via Wigmores, for the mighty BHP, to Mr Ron Brierley's A$15m partial takeover bid for Tasmania's Cascade Brewery.
- Improved sentiment across the board, which has seen a spurt of interest not only in oil and mining glamour stocks, but in retailers' insurance groups, brewers, and transport and media stocks.

The boom in media stocks has been spearheaded by Mr Rupert Murdoch's News Corporation, which on Monday reported a 133 per cent boost in net trading profit for the year to June 30, to $A86.9m, and the share price of which has soared from a 1983 low of A$2.05 to a high of A$9.50.

News Corporation is one of the companies which has enjoyed a major re-appraisal by the stock market in recent months. Similarly, if not to the same degree, the belief has gained ground among U.S. and European investors (particularly the institutions) that Australian stocks merited a fundamental re-evaluation.

In this Mr Hawke's Labor Government has been nothing if not obliging; working hard, behind the scenes, to convince the unions that its chief priority is still expansion and job creation, while making equally diligent efforts to convince big business, and foreign investors, that the Hawke brand of consensus and conciliation really does work.

Last month Labor unveiled its first budget, and the markets could not have been more impressed. The budget was seen by sharebrokers Robert Cran and Green as "cautious, conservative, responsible financially, and unimaginative (thank goodness)."

It was expansionary (the 1983-84 budget deficit is forecast at A$8.4bn, nearly double that of last year). But from the market's point of view, it was more significant for what it did not contain. There was no resource rent tax, no capital gains tax, no PAYE changes, no gold nor wine tax.

Some said it was a "budget you have when you're not having a budget." But Mr Hawke himself (who is as familiar a figure in Australian boardrooms as in union committee rooms) was aggressively cock-a-hop. During question time in parliament, he referred to "the excellence of this budget."

Later, he regaled a group of top businessmen lunching at Canberra's Lakeside Hotel with the view that, "when considered alongside the clear and decisive decisions we (had) taken earlier on exchange rate, fiscal, monetary and incomes policies, we have succeeded in establishing the most coherent and integrated framework of economic decision-making ever seen in Australia."

For some, that was overlarding the cake, but the markets had no time to demur, for they were suddenly overwhelmed by more good news. This time, of potentially significant new Australian oil discoveries, primarily the Jabiru No. 1A find in the Timor Sea, 640 km west of Darwin, which could contain recoverable reserves of 100m, 200m or even perhaps 500m barrels of oil, and in which BHP (the operator) has a 50 per cent stake.

As a result, BHP has been behaving more like a speculative exploration high-flyer than a dour establishment heavyweight, its share price having doubled from a 1983 low of A$6.10 to A$12.

This is partly because of the excitement over Jabiru, partly because of the government's recent A$100m-a-year support package for BHP's loss-making steel division, and partly because BHP has several very large projects coming on stream in the next 12 to 18 months, among them the large Fortescue Oilfield in the Bass Strait, and the giant OK Tedi Copper-gold mine amid the misty highlands of Papua New Guinea.

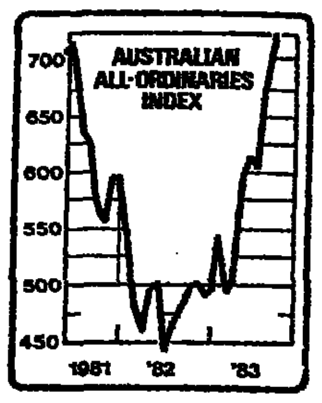
The "big Australian" is also in the final stages of a US$2.4bn purchase of Utah International from General Electric of the U.S.

Significant find

The Jabiru find is of equally great significance to the other locally listed partners in the consortium: Weeks Australia (10.31 per cent), the share price of which has bounded up by more than 600 per cent, and Ampol Exploration (6.25 per cent), which has gained by 220 per cent in the market.

Other oil and gas stocks that are riding the wave include Santos (+110 per cent) and Woodside Petroleum (+119 per cent), while other exploration reports that have fired interest involve the Chookoo No. 1 well, in South-West Queensland, and Bambra No. 2, off Western Australia.

Interests in Chookoo include Delhi Petroleum, owned by CSR (32 per cent), and Ampol (7.5 per cent). Interests in Bambra include Occidental Petroleum (27 per cent), Bond Corporation (25 per cent), and Getty Oil Development (17 per cent).



Although oil and gas stocks currently setting the pace, gains have been seen across the field, with some of the most rapid improvement occurring in the last eight weeks as prospects for the domestic economy became more and more bullish.

Since July 6, the All-Ordinaries Index has gained 19.7 per cent, industrials have added 16.8 per cent, and metal and mining stocks 15.8 per cent, compared with an eight-week spurt for the oil and gas index of 33.8 per cent.

Although the market is teetering near an all-time high, observers point out that it has not been displaying the furious price spurts of the last great bull rush into Australian resource stocks.

Since the turn of the year, the All-Ordinaries has improved by 44.4 per cent, whereas early in 1980 a gain of virtually that magnitude was compressed into a mere ten weeks, when resource boom euphoria pushed the index 42.9 per cent higher in 53 trading days.

Brokers also point out that the Hawke Government's economic strategy remains wedded to the ALP's prices and incomes accord with the Australian Council of Trade Unions, an accord that would immediately founder if wage claims began to spiral.

They also point out that the government has yet to make its position clear on a range of issues, each of them important, including foreign investment policy, the mining of uranium, the need for an overhaul (or otherwise) of the country's financial system, and introduction of a resource rent tax.

Until the government issues firm pronouncements on these matters, the markets will not be able to claim that they know exactly where they stand.

For the present, however, euphoria reigns and the champagne flows, Australian bubbly, naturally.

INTL. COMPANIES & FINANCE

L'Europeenne de Banque takes to new paths under state control

Paul Betts looks at the way in which the former Banque Rothschild, now L'Européenne de Banque in its nationalised form, has changed. Change was under study even before the state stepped in under President Mitterrand. And the Rothschild banking family has also changed

THE BUILDING itself is still the same, white, modern block adorned with lush greenery squeezed into the solid old architecture of the Paris Opera neighbourhood. The street itself, Laffitte, still conjures up visions of great vintages. That is about all that has not changed at the former financial and banking headquarters of the French branch of the Rothschild family.

The former Banque Rothschild, renamed L'Européenne de Banque after it was nationalised last year, is just emerging from a thorough spring cleaning. This has involved the sale of large chunks of property and of shareholdings; the need to make substantial provisions, of FFr 548.2m ($75m), including a FFr 217m write-off; and the need to report a loss of FFr 319.9m for 1982.

The bank's new state owner has been doing what its old private owners, the Rothschilds, had already considered doing in 1981, to some extent, in the year before they were nationalised. The idea was essentially to return to the basic commercial banking business followed by the Rothschild bank before it was enlarged in 1978 to absorb the investment banking interests grouped in the Compagnie du Nord, its holding company.

M Charles Delamare, who has been the bank's managing director since last September, explains that the decision to shed the investment banking assets of the old Compagnie du Nord was taken basically for two reasons. "First, bankers do not normally like to mix investment banking with classic commercial banking; and then the assets of this particular holding, largely in property and the mining industry, were becoming a heavy burden for the group," he says.

L'Européenne de Banque first approached the Caisse des Depots, the state financial institution, and then Paribas, the large nationalised investment bank. However, after two months of negotiations, the former Rothschild group reached an agreement to sell the bulk of its industrial and property holdings to Compagnie Financière de Suez, the large nationalised financial group.

Suez bought a package of assets and receivables from L'Européenne including the group's stake in the heavily loss making Imétal metals group, in Saga, the shipping business, and CEGF, a company involved in the refrigerated warehouse business. Certain holdings in property companies were also included in the Suez package. Suez bought these assets, valued in the bank's consolidated accounts at FFr 722m, for FFr 505m. This transaction was completed in the first quarter of this year.

Against having to take a write-off of FFr 217m as a result of the sale, L'Européenne says in the future it will save the carrying costs of these investments, which amounted to some FFr 60m last year.

The ex-Rothschild group also sold its shares in the PLM hotel group to Compagnie Internationale des Wagons Lits, the sleeping car company, for FFr 43m last year. "We really wanted to sell more," says M Delamare. In particular, the new, state, bank wants to shed Discount Bank, a retail credit subsidiary based in Paris, and bought by the Rothschilds in 1974. It has, however, sold Cefimat, another financial subsidiary, to Locafranc, a subsidiary of the Suez group.

M Delamare sees his group moving in three directions. Although the name Rothschild has disappeared from the title, the bank wants to capitalise on the experience and reputation of the Rothschild name in the business of managing private fortunes and investment trusts. At the same time, M Delamare would like the bank's current level of deposits—standing at around FFr 3.5bn—to rise to around FFr 5bn. After nationalisation, the group lost about 10 per cent of its deposits as friends of the Rothschilds moved their assets to other banks.

The second direction in which the bank is going involves its lending policies towards corporate borrowers. In the past, M Delamare says, the Banque Rothschild would participate with small percentages, of say 3 per cent to 5 per cent, in big lending pools for big companies, largely for reasons of prestige. "The idea now would be to move away from these pools and concentrate on lending to smaller, medium-sized companies," says M Delamare.

The third way M Delamare sees the bank developing is in its individual approach to international business. The bank, operations of which are essentially implanted in France, has no intention of expanding abroad with foreign subsidiaries and agencies. But M Delamare wants to see the bank expand its network of correspondents abroad to keep it in tune with potential business deals.

While continuing to maintain its traditionally strong links with the Jewish communities, the bank is now also exploring ways to expand its activities in the Middle East. M. Delamare helped found the Saudi-European Bank before joining L'Européenne and has maintained influential contacts in the Arab world. The old Rothschild Bank was for obvious reasons placed on the Arab League's Black List. But nationalised and renamed, M. Delamare sees no reason why the bank cannot develop business in the Middle East. It has already hired a correspondent in Beirut.

To reinforce this strategy, the bank this summer signed a major co-operation agreement with two other French banks, the Credit Commercial de France (CCF) and the Union de Banques a Paris (UBP). The chief architect of this venture is M. Michel de Boissieu, the chairman of L'Européenne.

With a major part of the restructuring completed, M Delamere is cautiously optimistic about the future, saying break-even is possible this year. The bank sustained an operating deficit of FFr 108.1m last year, compared with an operating loss of FFr 35.2m in 1981. It also faced a major, internal morale problem following the shock of nationalisation and the departure of the Rothschilds, which were not at all welcomed within the group.

There are ways in which the internal surgery inflicted on the ex-Rothschild group was easier to undertake after nationalisation than before. As a private group on the stock market, it would have been hard for the Rothschilds to take the additional losses and the hefty provisions made as the result of such a reorganisation as that undertaken by L'Européene last year. At the same time, the recent sale of assets by the nationalised group was carried through with the help and guidance of the Government.

After all the events of the past months, the bank remains more than adequately capitalised, by French standards at least, says M Delamare. At the beginning of this year, the bank had a balance sheet total of FFr 14.2bn and capital funds of FFr 456m. It thus ranked 19th among French commercial banks in terms of balance sheet total but 14th in terms of capital funds.

For M Delamare one of the bank's biggest challenges will be to build up the deposit and client base. In this enterprise, the bank could encounter a new rival with a familiar face. M David de Rothschild is endeavouring to set up a new bank.

He has asked the Government for a charter to open an investment bank specialising in investment management and corporate finance called Rothschild Frères. But his father, Baron Guy de Rothschild, the former head of Banque Rothschild, whose recently published memoirs have become a best-seller, has now abandoned France for New York where he has set up Rothschild Inc, a Wall Street investment bank. There has been some suggestion that Baron Guy may now collaborate more closely with the Swiss branch of the Rothschild family led by Baron Edmond de Rothschild.

But all this is of little concern to L'Euroéenne de Banque. In any event, even if a new Rothschild bank should open soon in Paris again, M Delamere seems unperturbed. M de Rothschild, he says, has always behaved "comme un gentleman."

UK COMPANY NEWS

Reckitt & Colman at £40m midway

TAKING ACCOUNT of all circumstances, an encouraging start to 1983 has been made by **Reckitt and Colman**, the food, toiletries and pharmaceutical group. For the first six months sales have advanced from £463.13m to £483.2m, the trading profit from £39.19m to £41.76m, and the pretax balance from £34.04m to £40.73m.

The rest of the year is likely to be equally competitive but the chairman, Sir James Cleminson, expects the group to continue its satisfactory progress.

For the period earnings were shown to be 16.8p (15.1p) and the interim dividend is lifted from 4.15p to 4.55p net. In 1982 the group made a pre-tax profit of £72.86m.

A geographical split of the profit shows: UK £9.43m (£8.89m); UK export £4.51m (£4.05m); rest of Europe £3.43m (£4.55m); North America £0.43m (£0.95m); Australasia and Asia £8.91m (£5.43m); Africa £9.09m (£5.52m); Latin America £6.29m (£6.22m), less corporate interest and expenses £1.33m (£1.57m).

In the UK, the household and toiletry division produced good results.

The late start to the summer was no help to the soft drinks industry in the first half, but food and wine successfully entered the ready drinks sector under the Robinsons brand. Overall the division performed well while undergoing substantial and costly productivity reorganisation.

Pharmaceuticals continued to enjoy growth in sales and profit.

In Europe, lower results mainly stemmed from the cost of rationalisation in Spain and difficult economic conditions in Ireland. Substantial investments continued to be made in advertising and marketing expenditure and several new lines were launched.

Heavy advertising supported the leading brands in N America, and good progress continued in several sectors, particularly mustard and potato.

Some minor losses were incurred in Sunset Designs before its final disposal.

The improving trend of the Australian business, which started in the second half of 1982, was sustained and the result of the half year was satisfactory. Business in South East Asia, centred on Singapore, is doing well following the opening of the factory there.

The South African business had a good half-year, following the substantial productivity improvements carried out. Profit in Africa as a whole, therefore, showed a satisfactory increase.

Businesses throughout Latin America traded well in local currency terms, showing growth in volume and market share in several important areas. However, the difficult economic conditions and the burden of national external debt throughout much of the region, mean that future trading has to be viewed with caution."

During 1982 the company disposed of a number of businesses, mainly in the UK, Europe and South Africa, which were outside its main strategy.

If adjustment is made for these disposals, sales in continuing businesses increased by 9.5 per cent. After substantial marketing and re-organisation costs, trading profit rose by 6.6 per cent, and as a result of further reductions in borrowings, profit before tax improved by £6.69m, or 19.7 per cent to £40.73m.

Movements in exchanges rates, excluding Latin America, accounted for approximately £1.1m of the increase in profit before tax.

The effect would have been greater had it not been for the continuation of planned household product development expenditure which restricted profit in the U.S.

The half year profit was struck after interest charged of £1.03m (£5.15m). Tax absorbs £18.32m (£14.22m) and minorities £1.5m (£1.12m) to leave the attributable profit at £20.91m (£18.7m). There is an extraordinary debit this time of £1.03m.

See Lex

HIGHLIGHTS

Lex majors on the news from Exco yesterday where interim profit figures were accompanied by a near £50m rights issue and a deal whereby it finally attains control over Telerate. The column then goes on to consider the latest money supply figures which show that consumer demand for funds seems as buoyant as ever. On the corporate front Reckitt and Colman has produced a 20 per cent profits gain at the half-way stage, putting it well on the road to £85m pre-tax for the year. Finally Lex looks at the results from IMI which show that the turnaround in the non-ferrous sector is nothing to get excited about.

IMI trend improves as profits climb £5m

FOR THE first six months of 1983 profits of IMI have climbed from £7.3m to £12.2m pre-tax from a 15 per cent turnover increase to £337.7m.

After tax of £5.6m (£4.3m) earnings per 25p share are shown as 2.3p (0.9p) and the interim dividend is 1.5p (same) —last year's final payment was 2p from a taxable surplus of £21.6m.

In the UK results reflected cost reductions as well as an improvement in demand. Fluid power, drinks dispense, special-purpose valves, waterheating and refinery activities all made encouraging progress and Eley continued to improve slowly, the directors state.

They add, however, that copper semis again generated an inadequate return, alloy tube sales declined and the IMI Mint remained depressed. IMI Titanium, although still faced with depressed aerospace demand, was able to reduce its over-stocked position.

Copper tube, fittings and plastic pipe activities had a better first half, while IMI Marston and IMI Radiators showed some improvement.

Currently, underlying indications are that a modest recovery is being maintained in most engineering products, but there is little evidence of improvement in copper and titanium semis, the directors say.

Pre-tax figure was after depreciation, £8.4m (£7.4m), associates share (£0.2m) (£0.1m) and net interest payable £5.5m (£5.6m). After tax, minorities, and an extraordinary debit of £5m (nil), the attributable balance was £1.2m lower at £1.3m.

The extraordinary item comprised the provision for the loss on sale of the business of IMI Rod and Wire to McKechnie Metals.

The directors report that, overseas, the Cornelius drinks dispense companies in Europe and the Americas continued to prosper. Special-purpose valves in France and the U.S. and the waterheating activity in France, held their results at about last year's level despite difficult market conditions.

In Australia directors state that results were somewhat down in a depressed economy, but the fluid power companies, in the U.S. and Europe, had a better six months.

See Lex

Exco ahead by £5.3m and proposing to raise £48.2m

A NEAR £5.33m rise in profits by Exco International, money broker, for the first half of 1983 is accompanied by a £48.2m cash call and the forecast of an increase in the year's dividend distribution from 5.6p to at least 7p.

With pre-tax profits of £12.51m against £7.18m for the six months, the net interim payment is lifted from 2.5p to 3.5p on earnings of 12.7p (8p) per 10p share.

Announcing the results the directors also say they are looking to raise some £48.2m net by means of a rights issue on the basis of 2 for 9 at 440p.

Some U.S.$25m of the proceeds will be used to acquire additional shares in Telerate. Exco has agreed to purchase 1m of these shares from various investment clients of Gartmore Investment Management and a further 250,000 from Mr P. J. D'Angelo, an Exco director, for $20 a share.

On completion of the transactions, the group will own 22.88m (51.5 per cent) of Telerate shares outstanding, and just over 50 per cent of those shares which would be outstanding if all the options capable of being granted by Telerate directors were granted and then subsequently exercised.

By making Telerate a subsidiary, Exco will further strengthen relationships between both companies and make them better placed to develop opportunities that exist for an international financial and information service group, the directors state.

The acquisition has been welcomed by the Telerate board, and on completion the president and chief executive officer of Telerate, Mr Neil Hirsch, will join the Exco board.

British and Commonwealth Shipping will subscribe for the 1.99m new ordinary shares (17.7 per cent of the issue) allotted to it by the rights issue and the balance has been underwritten.

Turnover for the six months under review expanded from £20.55m to £28.9m and profits included a £5.62m (£1.96m) contribution from associates. Tax took £5.88m (£3.53m), while the attributable balance improved from £3.53m to £5.98m.

Money broking profits have shown a healthy increase, in large measure attributable to the company's increased share of the profits of Noonan Astley and Peace and to "most encouraging" results from the joint venture in Tokyo, which commenced trading on April 1, the directors report.

Profits from other money broking operations have shown a small increase over the previous year. Bullion broking profits are *substantially* ahead of 1982 and increased revenue from financial futures operation is reducing the losses the company has been incurring in this area.

W. I. Carr Sons and Co. (Overseas) Holdings had an excellent first half, with results well ahead of the second half of 1982, while Telerate achieved record revenue and profits for the nine months ended June 30 1983, with net income showing an increase of 78 per cent over the same period last year.

Overall, Exco continues to trade at a "highly satisfactory" level, the directors add.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aerospace Engineering	6.5‡	—	5.5	9.75	8.25
Brammer .... int.	2	—	2	—	5.9
Cantors	1.5	Oct 28	0.1	1.5	0.1
Datastream	1.8	Nov 7	1.86	18.7§	1.66
Don Brothers Buist ...	2.25	—	2	3.5	3
Exco .... int.	3.5	—	2.5	—¶	5.6
Harvey & Thompson ...	1.5‡	—	Nil	1.5	Nil
IMI .... int.	1.5	Oct 24	1.5	—	3.5
Kode International... int.	2.8	Dec 2	2.32	—	8
Lambert Howarth ... int.	1.5	Oct 24	1.25*	—	4.79*
Land Investors	0.8	—	0.8	1	1
Lon. & St. Lawrence int.	0.88	—	—	0.88	0.77
Moben Group ...... int.	0.25	Oct 27	Nil	—	0.25‖
Nichols Vimto ...... int.	6.5	Nov 9	5.5	—	11.5
Nurdin & Peacock... int.	1.47	Oct 31	1.3	—	3.12
Provident Financial int.	3	Oct 26	2.42	—	8
Reckitt & Colman ...int.	4.55	Jan 6	4.15	—	10.75
Ricardo Consult.	6.5	—	5.85	10	9.35
Sharpe & Fisher ... int.	0.61	Nov 4	0.55	—	2
Stewart Wrightson... int.	3.85†	—	3.85	—	14.3
Wadkin .... int.	Nil	—	Nil	—	0.5
Wilson (Connolly)... int.	0.88	Oct 12	0.7*	—	1.88*

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Includes special payment of 16.9p. ¶ At least 7p forecast. ‖ For 16 months to December 31, 1982.

Pentos expecting return to profit in second half

A RETURN to profits in the second half is expected by Pentos following a cut in the interim pre-tax deficit from £937,000 to £463,000.

During the six months to June 30 1983 the company achieved higher trading profits of £340,000 against £221,000 on lower sales of £22.2m compared with £29.36m. The pre-tax result was struck after lower interest of £834,000 (£1.16m), and after adding associated company profits of £31,000 (£5,000).

Mr A. T. Maher, chairman says that the results reflect progress in all areas, with the exception of engineering, he adds that results for publishing and retailing are particularly encouraging.

A divisional breakdown of sales and profit shows (in £000): Publishing and retailing £12,225 (£12,713) and £228 (£364 loss); office and contract furniture £2,953 (£2,490) and £118 (£17 loss); construction and property £1,457 (£1,745) and £248 (£236); engineering and building services £5,567 (£6,239) and loss £254 (£23 loss); garden and leisure products nil (£6,171) and nil (£389).

There is again no dividend, the last being a 1.4p final paid in 1980. Last year the company incurred losses of £1.66m from sales of £55.46m.

Since the start of the second quarter retail sales have been growing strongly. Refurbishment of the main store in Nottingham has been completed, along with the first phase of further improvements to Dillon's main London store which includes a significant increase in it's retail sales area.

There was again no tax but after extraordinary items and other reserve movements of £525,000 (£460,000) the attributable loss emerged at £988,000 (£1.4m).

Stewart Wrightson ahead to £4.6m at interim stage

PRE-TAX profits of **Stewart Wrightson Holdings** improved from £4.18m to £4.62m for the first half of 1983, and on the enlarged share capital the interim dividend is maintained at 3.85p net per 20p share.

The directors say that good growth in profits from the company's insurance broking interests, despite continued soft markets, was diluted by lower profits from interests in shipping and air broking, and that they expect this pattern to continue for the rest of the year.

Directors add that, in addition, profits of the insurance companies for the full year are likely to be lower than those of 1982.

Results for the six months do not include any contribution from recently-acquired Arbuthnot Insurance Services.

Although there are some signs of an upturn in premium rates in certain areas of the insurance market, this has yet to occur in the North American business, directors state. There is little sign of any sustained improvement in the shipping market.

Although underwriting losses were contained at a similar level to the first half of 1982, investment income was lower, primarily reflecting the fall in dollar interest rates.

Interest and investment income amounted to £4.4m (£4.96m), associates share of profits £252,000 (£377,000), and the pre-tax figure was after interest payable of £840,000, compared with £1.39m.

After tax of £2.16m (£1.91m) earnings per share are shown as 12.76 (11.69p) basic.

Agreement has been reached in principle whereby its shareholding in Crest (Insurance Holdings) will be reduced from 54 per cent to 49 per cent for a consideration of $255,250. Shares will be acquired by Naskar Holdings, a company controlled by Mr Maurice Karhoglan and Mr Saba Nader, who at present own 20 per cent of issued share capital of Crest.

Stewart Wrightson will also grant options to Naskar to acquire from Stewart up to a further 29 per cent of share capital of Crest on or before June 30 1988. The transaction will change Crest's status from a subsidiary to an associate.

● comment

Stewart Wrightson's own estimate of second half 1983 prospects is sufficient downbeat to justify a high yield premium to the rest of the insurance broking sector. True, the slight twitch upward in hull and aviation rates thus far this year may be enough to earn something just akin to an acceptable return after innumerable unrewarding years and it is possible that the retrenchment of the reinsurance market, notably by the captives, may take some of the competitive squeeze out of a market subject to many years of cavalier expansion. The group can argue with justifiable force that it has succeeded in bringing costs into kilter and can go on forcing the lid down but modest growth in the mainstream insurance business has been undermined by the shipbroking division, whose problems seem set to intensify and, to some extent, by losses at Associated International which, again, have yet to impinge fully on the p and e. Hence an historic, and presumably prospective, yield of some 8½ per cent at 236p, down 3p, against 5.3 per cent for the sector. Concentrated once more on its core activities Stewart Wrightson is undoubtedly leaner and fitter but reinvestment in the shares will require fine tuning and that time has not yet arrived.

Lambert Howarth

Pre-tax profits of **Lambert Howarth**, a substantial supplier of footwear to Marks and Spencer, rose from £215,089 to £349,636 for the 25 weeks to June 25, 1983 and the interim dividend is being effectively increased by 0.25p to 1.5p net per 20p share.

Turnover for the period advanced from £5.46m to £7.05m and the directors say they are confident that the steady improvement of the design function and the introduction of new machinery will maintain the group's competitive position to meet the higher standards required by its customers.

Pre-tax results were struck after deducting £181,581 (£138,225) for depreciation and £8,170 (£39,352) bank interest. Tax accounted for £157,000 (£99,000) for attributable profits of £192,636 (£116,089).

Don Brothers Buist

Don Brothers, Buist has exceded its full-year profit forecast of not less than £1.1m, made at the time of its London stock market debut in May.

For the 12 months to May 29 1983 pre-tax profits were £1.22m against £1.42m on higher turnover of £28.16m compared with £26.63m.

A final dividend of 2.25p (2p) is declared, which lifts the total for the year to 3.5p (3p).

Tax for the 12 months took £393,000 (£723,000) and extraordinary debits were lower at £141,000 (£831,000). Earnings per share were higher at 12.6p against 10.4p.

The company is primarily engaged in the extrusion of polypropylene tape and the weaving of the tape into industrial fabrics.

Revenue clears Lazard fund

UK residents can now invest directly in the Lazard Capital Growth Bond Fund, the only fund specialising in euro-zero coupon and deep discount bond investment. The fund was launched last June by Lazard Brothers, in conjunction with Lazard Freres in New York and Paris.

Lazard announced yesterday that the Inland Revenue has given clearance under section 464 of the Income and Corporation Taxes Act 1970, so that UK residents will be able freely to purchase the participating shares in the fund. Application has been made for the shares to be listed on the Stock Exchange, where dealings are expected to begin on Friday. Brokers to the fund are Cazenove & Co.

Northern Eng.

Northern Engineering Industries proposes to seek approval of the holders of the 10½ per cent debenture stock, 1989-94, and the 7¾ per cent debenture stock, 1986-91, for the early repayment of the stocks at £100 per cent and £95 per cent respectively.

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Six months' profit slip for Nurdin & Peacock

A £25m advance in turnover has failed to register in the pre-tax profit of **Nurdin & Peacock**, the cash and carry wholesaler, for the half year to July 2 1983. The profit shows a £148,000 reduction to £3.23m.

Mr W. M. Peacock, the chairman, says in view of the fierce competition it is encouraging that sales have held up so well, but "I should naturally have liked to report an increased profit."

Tax is reduced to £691,000 (£1.23m) and this leaves the net profit up from £2.14m to £2.54m. The interim dividend is lifted to 1.47p (1.3p); last time the total was 3.12p from pre-tax profits of £11.32m.

The chairman says the hot summer has, on balance, benefited sales and the increase since the end of June has averaged just under 15 per cent. As regards the year's profit, he stresses the importance of the "unpredictable" Christmas trading, but will be disappointed if the group is not able to produce higher profits again.

At Wimbledon and Medway, the two replacement branches are making excellent progress; various extensions are coming on stream; and the new branches at Swansea and Keynsham are well up to schedule for opening next year.

● comment

Even though the chairman's last report had warned that gross margin pressures were still very much a fact of everyday life, yesterday's profits slip at Nurdin and Peacock caught the market off balance. The shares dropped 12p to 138p. While cash and carry wholesaling has been facing lean times, the 17 per cent profits gain during the closing months of 1982 had led some to believe that Nurdin was overcoming competitive pressures. Now it looks as if that gain was just a function of a healthy Christmas. Given the uncertainties of that season predictions for the full year are on shaky ground. Still sales growth since June has averaged out at 15 per cent and the management is obviously thinking in terms of beating last year's £11.3m profit. However, any improvement is likely to be fairly marginal and nothing like the company's longstanding record of growth. Beyond that the company's fortunes rest heavily on the "corner shop" which in turn may not have the brightest of futures. To a certain extent Nurdin can spread itself beyond its traditional area into more non-food catering supplies, etc. For the present, anyway, the prospective fully taxed p/e of around 14½ seems undemanding.

Aerospace Eng.

Higher profit and dividend are announced by **Aerospace Engineering** for the year ended April 30 1983. The company, which is traded on the USM, is also proposing a one-for-one scrip issue.

Turnover for the year rose from £3.62m to £4.44m, and the profit increased by £163,000 to £1.26m. The final dividend is 6.5p for a net total of 9.75p, compared with 8.25p. Mr Reginald Mercado, chairman, has waived his entitlement to 99.9 per cent of the dividends for the year on 1.2m shares.

After tax £541,000 (£479,000) the net profit was up from £616,000 to £717,000, for earnings of 17.8p (15.41p) per share.

Wadkin back in the black at midterm

After three consecutive years of losses Wadkin has returned to the black in the first half of 1983 and is forecasting an increase in dividend for the year, although the interim payment has again been passed.

Sales of this Leicester-based woodworking machinery concern fell from £13.37m to £11.89m but for the six months to July 2, 1983 a turnround from losses of £650,000 to pre-tax profits of £280,000 was achieved. For the whole of last year a deficit of £948,000 was incurred and a dividend of 0.5p net paid.

The directors report that during the first half the improvement in the UK building industry continued. However, most of the group's export markets remained depressed.

As regards the future, they say improving penetration of the U.S. market for woodworking machinery and the UK market for machinery centres is expected to produce some increase in volume during the second half.

This should enable the company to maintain the steady progress made in improving profitability, they add.

Profits for the period under review were struck after interest of £178,000 (£324,000), with no redundancy costs this time compared with £58,000.

Yearlings dip

The interest rate for this week's issue of local authority bonds is 10$\frac{1}{16}$, down $\frac{1}{16}$ of a percentage point from last week and down $\frac{1}{16}$ compared with a year ago. The bonds are issued at par and are redeemable on September 12 1984. A full list of issues will be published in tomorrow's edition.

UK COMPANY NEWS

Charles Batchelor looks at the background to News International's results

Murdoch's shining Sun making pretty Penny

THE SUN, the hottest property in News International, Mr Rupert Murdoch's UK newspaper empire, was serving up its traditional and highly successful fare to its readers yesterday as the company announced a dramatic increase in its profits.

The front-page headline told how "Evil Miss X hired a hit man" while on page three, alongside an impressive photograph of 17-year-old psychology and sociology student Penny, readers were regaled with the tale of how Good Samaritan Bernard Nunn was bitten by a seal in the bath.

It is this combination of the violent, the titillating and the comic which has pushed The Sun ahead of all its rivals with a circulation of 4.17m in the first six months of this year, well above the 3.31m sale of the Daily Mirror, its only serious competitor.

Not only was the Sun well ahead of its rivals in absolute terms it was the *only popular* newspaper to increase its circulation over the first half of 1982. The rise was small—only 2 per cent—but this compared with falls of 1 per cent at the Mirror, 4 per cent at the Daily Star and 7 per cent at the Daily Express.

Helped by a 2p rise in its cover price to 15p and a 100,000 increase in circulation over the past year, The Sun contributed £22m to News International's 1982-83 pre-tax profits of £36.1m. The company refused to reveal the performance of its other newspapers but said that both the News of the World and the Sunday Times increased their profits while The Times made a smaller loss.

Advertising revenues rose only slightly last year but with 70 per cent of turnover coming from the cover price and only 30 per cent from ads (the reverse is the case among the "heavies") the 2p increase made an important contribution.

Over the past two years the cover price increase has been even more impressive—from 10p in mid-1981 to 15p at present—a rise of 50 per cent. The benefits of these increases were masked in 1981-82 however by the heavy investment programme and industrial troubles.

The £22m profit contribution from The Sun breaks down to £18m from cover price increases, £2m from additional sales and a £2m rise in advertising revenue.

The bingo wars between the popular papers continue but the Sun views the "hundreds of thousands of pounds" it has pumped into this activity as merely another form of promotion. If the money did not go on bingo it would go on other forms of advertising.

There are signs that The Sun's rapid increase in circulation—from 650,000 in 1969 to nearly 4m in 1981 under the editorship of Mr (now Sir) Larry Lamb—is now slowing down.

But its editor of the past two years, 36-year-old Kelvin MacKenzie, is continuing the basic formula.

"He's from the same mould as Sir Larry, but younger and more aggressive," said one News International executive. "The readers seem to like him."

The loyalty of the paper's readership does not seem to have been dented by the "world exclusive" interview the paper claimed to have had with the widow of a Falklands War VC which the Press Council last month said had never taken place. The council described this episode as a deplorable, insensitive deception on the public.

Roger Taylor

Mr Rupert Murdoch, chairman of News International.

The Sun's stablemate, the News of the World remains the largest selling Sunday paper with an audited circulation of 4.07m in the first half of 1983.

While not such a money-spinner as the Sun it improved profits last year despite a six per cent drop in circulation.

News International plans to start printing both papers on a £45m 13-acre printing works nearing completion in the London Docklands but appears pessimistic about getting speedy agreement for the move from its production unions.

The company hopes to make the move this year but it has to negotiate with no fewer than 11 unions. Even if it succeeds the start-up costs will bite into this year's profits before cost savings come through in 1984-85.

This plant could ultimately be extended to print News International's two quality papers—The Times and Sunday Times.

The Times managed to contain its costs last year following the redundancies carried out in the previous year. The company is still not happy with cost levels at the paper but sees no way of pushing through further redundancies—the major possible area for savings.

Circulation rose 12 per cent to 336,000 between the first halves of 1982 and 1983 as readers responded to the paper's more rugged style but advertising levels have still not attained the pre-closure volumes.

The Sunday Times has been hit by the general contraction of the Sunday paper market and by the launch of the Mail on Sunday. Circulation fell 2 per cent to just under 1.3m in the first 1982 half.

The year ahead will be tougher for News International however. Start up costs in the Docklands, tough wage bargaining and signs of a revival of the bingo wars will put pressure on profits.

Provident Financial aided by lower finance costs

A DROP in finance charges of some £3m to approximately £7m enabled the **Provident Financial Group** to boost its pre-tax profits by £3.06m to £5.75m for the opening half of 1983.

The directors say the second half will continue to benefit, though to a lesser degree, from the factors which helped first half profitability.

They add that only a sustained and substantial economic recovery will restore real growth in the group's traditional credit business and therefore, the plan is to continue to develop its other interests.

Meanwhile, with the belief that a higher proportion of the total dividend should be paid at the half year stage they are stepping up the net interim payment from 2.42p to 3p per 25p share—a final of 5.58p was paid previously.

Turnover for the six months improved from £138.99m to £140.26m—the group's principal activity is that of providing documentary, personal loan and other credit facilities for personal and domestic purposes.

The interim report says the continued sluggish demand for weekly-collected credit, with no compensating reduction in offset by the lower finance costs operating costs, was more than which were partly due to rates and partly due to reduced borrowings.

In order to smooth the effects of future fluctuations in interest rates the group has recently made forward commitments for some of its borrowings at fixed rates

Earings emerged at 6.54p (3.06p) after tax of £298m (£139m)

● comment

It has been a while coming but this year Provident Financial will finally climb out of its profits rut. Reasons behind the first half jump are clear enough, interest charges are well down thanks to lower rates and a £19m cut in the borrowing base. Yet the reduction in debt goes hand in hand with a reduced level of business activity and can hardly be heralded as good news even if it's not unexpected. Its weekly collection operations still account for three-quarters of group profits though inevitably this proportion must decline as check trading goes into gradual long term decline. Defensively Provident has tacked on a string of various financial activities. Their performance has been varied to date but this year at least they all seem to be doing well. The estate agency for example is in profit for the first time since it was set up 5½ years ago. For the year Provident could make £16m pre-tax for a fully taxed p/e of 8 at 152p backed by a yield of around 10 per cent. A modest rating even if growth steadies down after this year.

MINING NEWS

Sungei Besi faces profit fall

BY KENNETH MARSTON, MINING EDITOR

THE Malaysian tin-producing Sungei Besi Mines is heading for "a considerably lower" profit in the current year to next March. Mr Abdul Rahim Aki, the chairman, points out in the annual report that while tin prices are expected to remain at current depressed levels, the open-pit producer's costs are expected to rise as a result of development work and pre-stripping at two of the pits.

Tin export restrictions, imposed by the International Tin Council in an effort to reduce surplus stocks overhanging the market, were recently tightened to a cutback of 39.5 per cent from the previous 36 per cent and some level of restriction is expected to extend into 1985.

This will not affect Sungei Besi in the current year because production in excess of quota is unlikely to reach the maximum permissible stock level.

In the year to last March the company's tin concentrate output fell 13 per cent to 802 tonnes as a result of the closure of two open-pit operations. Because of export restrictions sales amounted to only 691.6 tonnes.

To make matters worse the average price received for the concentrates fell to M$29.31 (829p) per kilogramme compared with M$32.06 in the previous 12 months. Surprisingly enough, however, the pre-tax mining profit jumped to M$3.1m from M$1.8m.

The chairman explains that this resulted from a fall in operating and overhead costs following the closure of the two open-pits.

Interest income declined and tax increased sharply from the previous low level to leave Sungei Besi with a net profit of M$2.9m against M$3.9m.

The year's dividend total was reduced to 140 cents (39.6p), less tax at 40 per cent, against 185 cents for 1981-82. Sungei Besi shares were 220p in London yesterday.

Meanwhile, tin concentrate output figures for August are announced by the Gopeng group. For Gopeng itself, production (not necessarily sales) for the first 11 months of the current financial year amounts to 1,416½ tonnes against 1,664½ tonnes in the same period of 1981-82.

Eight-month totals are reached by Mambang Di-Awan with 271½ tonnes against 291½ tonnes a year ago, Tanjong 59½ tonnes (76½ tonnes) and Idris 52½ tonnes (69½ tonnes).

The latest monthly output figures are compared in the following table.

	Aug tonnes	July tonnes	June tonnes
Gopeng	127½	128¾	98¾
Mambang	43½	39½	33¾
Tanjong	9	10½	14
Idris	7¾	9½	8¾

Poseidon's gold income boost

AUSTRALIA'S Poseidon has boosted its dividend for the year to June 30 to 15 cents (8.8p) from only 2.5 cents in 1981-82 when earnings were hit by the fall in gold prices. Net profits for the latest period have jumped to A$11.03m, or 50 cents per share (£6.5m) from A$2.9m. The shares were 395p yesterday.

The recovery reflects higher gold prices received by Kalgoorlie Mining Associates (KMA) and increased gold production at the latter's Mount Charlotte and Fimiston mines on the Golden Mile in Western Australia.

The average gold price received by KMA was A$467 per ounce against A$340 in the previous year. Gold production rose to 198,074 oz from 150,549 oz.

Poseidon's main asset is its indirect stake of 24.44 per cent in KMA. This comes about via a holding of 47 per cent of Kalgoorlie Lake View which, in turn, owns 52 per cent of KMA. The remaining 48 per cent of KMA is held by America's Homestake Mining.

Capital spending by KMA during the past year amounted to A$17m and it is planned to increase this to A$31m in 1983-1894.

Over the past three years some A$30m has been spent by KMA in reopening the Fimiston mines while about A$27m has been spent on Mount Charlotte.

BASE LENDING RATES

A.B.N. Bank	9½%	■ Hambros Bank	9½%
Al Baraka International	9½%	Heritable & Gen. Trust	9½%
Allied Irish Bank	9½%	■ Hill Samuel §	9½%
Amro Bank	9½%	C. Hoare & Co. †	9½%
Henry Ansbacher	9½%	Hongkong & Shanghai	9½%
Arbuthnot Latham	9½%	Kingsnorth Trust Ltd.	11 %
Armco Trust Ltd.	9½%	Knowsley & Co. Ltd.	10 %
Associates Cap. Corp.	9½%	Lloyds Bank	9½%
Banco de Bilbao	9½%	Mallinhall Limited	9½%
Bank Hapoalim BM	9½%	Edward Manson & Co.	10½%
BCCI	9½%	Midland Bank	9½%
Bank of Ireland	9½%	■ Morgan Grenfell	9½%
Bank Leumi (UK) plc	9½%	National Bk. of Kuwait	9½%
Bank of Cyprus	9½%	National Girobank	9½%
Bank of Scotland Ω	9½%	National Westminster	9½%
Banque Belge Ltd.	9½%	Norwich Gen. Tst.	9½%
Banque du Rhone	10½%	P. S. Refson & Co.	9½%
Barclays Bank	9½%	Roxburghe Guarantee	10 %
Beneficial Trust Ltd.	10½%	Royal Trust Co. Canada	9½%
Bremar Holdings Ltd.	9½%	Standard Chartered ‖	9½%
Brit. Bank of Mid. East	9½%	Trade Dev. Bank	9½%
■ Brown Shipley	10 %	TCB	9½%
CL Bank Nederland	9½%	Trustee Savings Bank	9½%
Canada Perm't Trust	10½%	United Bank of Kuwait	9½%
Castle Court Trust Ltd.	10 %	United Mizrahi Bank	9½%
Cayzer Ltd.	9½%	Volkskas Intnl. Ltd.	9½%
Cedar Holdings	10 %	Westpac Banking Corp.	9½%
■ Charterhouse Japhet	9½%	Whiteaway Laidlaw	10 %
Choulartons	10½%	Williams & Glyn's	9½%
Citibank Savings ¶	10½%	Wintrust Secs. Ltd.	9½%
Clydesdale Bank	9½%	Yorkshire Bank	9½%
C. E. Coates	10 %		
Comm. Bk. of N. East	9½%		
Consolidated Credits	9½%		
Co-operative Bank *	9½%		
The Cyprus Popular Bk.	9½%		
Duncan Lawrie	9½%		
E. T. Trust	10 %		
Exeter Trust Ltd.	10½%		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9½%		
■ Guinness Mahon	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%, 1-month 6.25%. Short-term £8,000/12-months 8.6%.
† 7-day deposits on sums of: under £10,000 6%. £10,000 up to £50,000 7%. £50,000 and over 8%.
‡ Call deposits £1,000 and over 6%.
‖ 21-day deposits over £7,000 7%.
§ Demand deposits 6%.
¶ Mortgage base rate.
Ω Money Market Cheque Account—9.15%. Effective annual rate—9.54%.

Ricardo Engineers

A second half downturn of £145,000 to £779,00 left pre-tax profits of Ricardo Consulting Engineers *£119,000 lower* at £1.62m for the year to June 30 1983. The final dividend, however, is being lifted to 6.5p, raising the total payment from 9.35p to 10p, and a 3 for 1 scrip issue is also proposed.

The directors of this group, which acts primarily as consulting engineer in the internal combustion engine field, report that although turnover increased particularly at Cussons, overall profits declined slightly due to increased expenditure on internally funded research at Ricardo. The results of this will be of "considerable value" in attracting an increased volume of contract work in the future, they add.

They believe that a satisfactory work load at Ricardo and Cussons can be achieved in the current year.

Revenue for the 12 months under review improved from £9.63m to £10.89m, while operating profits declined from £1.54m to £1.48m, before interest credits of £139,000 (£197,000). Tax absorbed £450,000 (£325,00) for net profits of £1.17m (£1.41m) and earnings of 32.5p (39.3p) per 25p share.

JFB defers

Having regard to the current trading position and the continuing need to conserve cash, *the directors* of Johnson and Firth Brown are continuing to defer dividend payment on the 11.05 per cent cumulative convertible preference shares.

The payment due on September 30 is not being met, which means that shareholders will not have received a payment for 12 months.

Business Computers

Although sales orders at Business Computers Systems are being achieved at "satisfactory levels," during the first half of 1983 deliveries of equipment were below budget and profits at the pre-tax level fell by £62,000 to £42,000.

However, in their interim report the directors say they expect profits for the full year to exceed those of 1982—the group's shares are traded on the Unlisted Securities Market.

It is pointed out that the anticipated increase in second half sales necessitated a 25 per cent increase in personnel during the opening half of the year.

A major new long-term commercial contract is expected to boost sales and the maintenance company is now trading profitably and "will make a significant contribution to profits in the future."

First half turnover totalled £3.82m (£3.23m). Earnings per 10p share emerged at 0.5p (1.1p) after tax of *£12,000 (£40,000)*.

RESULTS AND ACCOUNTS IN BRIEF

AERONAUTICAL AND GENERAL INSTRUMENTS (telecommunications, military and marine systems maker)—Results for year to March 31 1983 and prospects already known. Shareholders' funds £4.54m (£4.1m): fixed assets £1.98m (£2.01m): net current assets £2.95m (£2.3m): increase in cash resources £894,318 (decrease £733,307). Compensation for loss of office £45,000 (nil). Meeting: Great Eastern Hotel, Liverpool Street, EC, September 28, noon.

PALMERSTON INVESTMENT TRUST (property investment and dealing company—Pre-tax profit £14,467 (£16,551 loss) for year to end-March 1983. Final dividend 1.5p (1p) net, making 2.5p (2p) per 25p share. Tax £6,155 (£5,144) for net profit £8,312 (£21,695 loss) before extraordinary profit £132,999 (£123,201).

PEEK HOLDINGS (storage and handling of grain and animal foods)—For six months ended June 30 1983 turnover £2.53m (£2.38m). Operating loss £55,000 (profit £76,000). Interest payable £13,000 (£35,000) and tax credit £35,000 (charge £21,000) leaving loss £33,000 (profit £19,000). Extraordinary redundancies £16,000 (nil), minorities credit £13,000 (debit £2,000). Loss per share 0.39p (earnings 0.14p). Measures taken should enable group to maintain tradition of earning major portion of profit in second half. Trading conditions unusually difficult, directors report. To cope with pattern of trade it has been necessary to accelerate the switch of a substantial part of business from the Birkenhead berth, to the Huskinsson Berth. This has contributed to increase in the turnover but not possible to achieve adequate reductions in costs at Birkenhead.

ARGUS PRESS HOLDINGS (a member of the BET Group)—Turnover for six months ended June 30 1983 £36.86m (£30.21m). Trading profit £2.41m (£2.69m). Interest receivable £75,000 (£82,000). Interest payable £723,000 (£939,000). Profit before tax £1.77m (£1.83m). Tax £535,000 (£410,000). Net profit £1.23m (£1.42m). Minority profits £8,000 (£8,000). Extraordinary credits £886,000 (nil). Attributable £2.11m (£1.41m). Earnings per 25p share 7.52p (14.5p). Interim dividend 1.7p (2.25p).

London Clearing Banks' balances

as at August 17 1983

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the London clearing banks and cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the monetary sector.

TABLE 1.
AGGREGATE BALANCES

	Total outstanding £m	Total outstanding £m	Change on month £m	Change on month £m
LIABILITIES				
Sterling deposits:				
UK monetary sector	16,390		+ 78	
UK private sector	53,836		− 294	
UK public sector	1,257		− 423	
Overseas residents	8,035		+ 72	
Certificates of deposit	4,649		+ 263	
		84,167		− 304
of which: Sight		26,424		− 664
Time (inc. CD's)		57,743		+ 360
Foreign currency deposits:				
UK monetary sector	15,453		+1,109	
Other UK residents	3,730		+ 17	
Overseas residents	36,312		+ 71	
Certificates of deposit	6,173		− 346	
		61,669		+ 851
Total deposits		145,836		+ 548
Other liabilities*		17,605		− 331
TOTAL LIABILITIES ...		163,441		+ 216
ASSETS				
Sterling				
Cash and balances with Bank of England		1,363		+ 17
Market loans:				
Discount houses	2,847		− 58	
Other UK monetary sector	13,996		− 326	
UK monetary sector CD's	1,789		− 86	
Local authorities	1,068		− 10	
Other	881		− 3	
		20,582		− 484

	Total outstanding £m	Total outstanding £m	Change on month £m	Change on month £m
Bills:				
Treasury bills	254		− 88	
Other bills	1,686		+ 142	
		1,940		+ 54
Special deposits with Bank of England		—		—
Investments:				
British Government stocks	3,057		+ 7	
Other	3,090		+ 6	
		6,147		+ 13
Advances:				
UK private sector	55,687		+ 298	
UK public sector	345		− 36	
Overseas residents	4,167		+ 41	
		60,199		+ 304
Other sterling assets*		8,922		− 605
Foreign currencies				
Market loans:				
UK monetary sector	15,601		+1,040	
Certificates of deposit	676		+ 34	
Other	25,487		− 55	
		41,765		+1,020
Bills		101		− 5
Advances:				
UK private sector	3,946		− 50	
UK public sector	515		+ 9	
Overseas residents	14,413		+ 20	
		18,874		− 22
Other foreign currency assets*		3,549		− 76
TOTAL ASSETS ...		163,441		+ 216
Acceptances		2,513		− 59
Eligible liabilities		63,455		+ 254

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Out-standing £m	TOTAL Change on month £m	BARCLAYS Out-standing £m	BARCLAYS Change on month £m	LLOYDS Out-standing £m	LLOYDS Change on month £m	MIDLAND Out-standing £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Out-standing £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Out-standing £m	WILLIAMS & GLYN'S Change on month £m
LIABILITIES												
Total deposits	145,836	+548	39,902	+491	27,560	+176	28,976	−779	45,562	+563	3,836	+ 95
ASSETS												
Cash and balances with Bank of England	1,363	+ 17	406	− 25	222	+ 7	276	+ 24	399	− 2	58	+ 12
Market loans:												
UK monetary sector	32,444	+655	9,281	+627	4,505	−494	4,009	+ 48	13,989	+443	660	+ 31
Other	29,902	−120	7,651	−160	6,437	+336	6,901	−583	8,073	+234	840	+ 52
Bills	2,041	+ 49	525	+ 63	913	+ 17	269	− 46	290	− 2	43	+ 19
British Government stocks	3,057	+ 7	1,010	− 26	620	+ 10	763	+ 2	572	+ 18	91	+ 3
Advances	79,073	+282	22,325	− 30	15,589	+211	15,649	− 28	23,235	+120	2,274	+ 9

TABLE 3.

	TOTAL Out-standing £m	TOTAL Change on month £m	BARCLAYS Out-standing £m	BARCLAYS Change on month £m	LLOYDS Out-standing £m	LLOYDS Change on month £m	MIDLAND Out-standing £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Out-standing £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Out-standing £m	WILLIAMS & GLYN'S Change on month £m
INDIVIDUAL GROUPS OF BANKS' ELIGIBLE LIABILITIES	63,455	+254	19,297	+159	12,851	+236	11,361	−203	18,139	+ 53	1,807	+ 10

UK COMPANY NEWS

Datastream on target with £2.34m

COMPARED with a prospectus *forecast of not* less than £2m, Datastream, computer information group, has turned in taxable *profits of £2.34m* for the year ended June 30 1983, a 64 per cent expansion on the previous year's *£1.43m*.

Reflecting continued growth of the company's established investment research, investment accounting and portfolio valuation services, and the introduction of a financial futures service, turnover was on target at £10.19m (£8.26m), a 23 per cent advance.

Results, which are the first to be announced since the company went public last April, are very satisfactory, Mr Paul Bosonnet, chairman, says.

He adds that the current year has started well with the market for the company's services buoyant. The group is exploring ways of delivering its services directly through the internal computer and communications networks now being planned by many of Datastream's larger users.

"With the encouraging start to the current year, and a high level of interest in all services, I look forward with confidence to another successful year."

At the year end earnings per 5p share are shown as 9.6p (6.8p) and there is a final dividend of 1.8p (1.66p), against a forecast 1.5p—a special of 16.9p has also been paid.

The directors said in the prospectus that in a full year they would expect to pay on third of total dividends as an interim and two thirds as the final.

● comment

Datastream, nine times oversubscribed when it came to the market in March, has found it difficult to come anywhere near the striking price of 225p in the last couple of months. It opened yesterday at a low of 202p but rose 8p on the news of its final figures which comfortably met the target set in the offer document. Chairman Paul Bosonnet's reassuring words on prospects seem to have helped counter bearish rumours of competition from Reuters and modest growth potential from new services. The actual number of Datastream terminals has increased by some 50 to about 400 during the year, with about 60 per cent of users in London, and 10 per cent overseas in Switzerland, Holland and Germany. Directors appear confident they can keep ahead of competition, and say changes in the stock exchange could bring extra business. The taxation charge almost doubled at £1.06m was unusually high with ACT on a special interim dividend payment of £2.26m. With the shares at 210p the historic p/e on an actual tax charge of 45 per cent is over 21.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: BICC, Bridon, British Vending Industries, Cement-Roadstone, Croda International, Family Investment Trust, Jebens Drilling, Newbold and Burton, Peninsular and Oriental Steam Navigation, Phoenix Assurance, Royal Worcester, Sun Alliance and London Insurance.

Finals: Bracken Mines, Framlington, Kinross Mines, Leslie Gold Mines, Unisel Gold Mines, Winkelhaak Mines, Zetters.

FUTURE DATES

Interims—

AMEC	Sept 14
Barrow Hepburn	Sept 15
Breedon and Cloud Hill Lime Works	Sept 16
British Mohair	Sept 15
Brown and Jackson	Sept 15
Costain	Sept 13
Dares Estates	Sept 20
Farmer (S. W.)	Sept 13
Home Charm	Sept 13
Invergordon Distillers	Sept 12
Keep Investment Trust	Sept 15
Legal and General	Sept 14
MacLellan (P. and W.)	Sept 21
McLaughlin and Harvey	Sept 15
Marchwiel	Sept 13
N.M.W. Computers	Sept 22
Solicitors Law Stationery Soc.	Sept 20
Systems Designers Intnl.	Sept 14
Telfos	Sept 8
Tharsis	Sept 8

Finals—

Armstrong Equipment	Sept 21
Baillie Gifford Japan Trust	Sept 20
Fashion and General Invest.	Sept 22
Scholes (Geo. H.)	Sept 14
Trafford Park Estates	Sept 15

Sharpe & Fisher near doubled at six months

PRE-TAX PROFITS of Sharpe and Fisher jumped from £304,000 to £575,000 in the first half of 1983 and, although the same rate of improvement is not expected in the second six months, the directors anticipate full-year results will show a marked increase over the £1.29m for 1982.

In view of this better trend, the net interim dividend is being lifted from 0.55p to 0.61p on earnings of 2.5p (1.5p) per 25p share. These were struck on net profits of £408,000 (£243,000) which were after tax of £167,000 (£61,000).

Mr K. J. Fisher, chairman, reports that within the builders merchants division the increased demand which started in the latter half of last year continued. As a result profits showed a substantial improvement over the corresponding period of 1982 which was also adversely affected by poor weather at the beginning of that year.

While business has continued at a satisfactory level since June, there is some evidence of a levelling-off in demand and competition is still having its effect on gross margins. Nevertheless, a good profit improvement is expected for the full year, he states.

The group's Sandfords DIY Stores had a good first half. Retail spending on DIY and associated products remains at a high level and the directors are confident that this division will continue to produce satisfactory results in the areas where it operates.

A new store will open at Swindon in December, and the group has recently commenced rebuilding its Cheltenham store. This will result in opening and setting-up costs which will mainly fall in the second half of 1983.

James Beattie

James Beattie, the Wolverhampton department store owner, has increased its sales from £16.12m to £17.46m and its profit from £775,000 to £1.19m for the half year ended July 31 1983, before profit sharing. Earnings were up to 2.49p (1.61p).

The 8 per cent sales rise was an important factor in producing the considerably higher profit, the directors state. If the trend continues the company will have a good year. It would be unwise, however, to assume that such a favourable rate of improvement can automatically be sustained.

Wilson (Connolly) shows £1m increase halfway

THE FIRST HALF of 1983 has produced increases in turnover and profit for house builder Wilson (Connolly) Holdings, and a "satisfactory outcome" is seen for the year.

In the six months, sales were up by £6.25m to £28.16m and the profit by £1.04m to £5.62m. Housing and contracts accounted for £4.63m (£3.58m), property sales for £369,000 (£496,000), and rents for £622,000 (£509,000).

House building and construction order books are satisfactory, in line with projections, and the increase in rental income reflects the policy of retaining some of the company's own developments.

After tax £2.08m (£1.79m) the half year's net profit came out at £3.54m (£2.8m), for earnings of 8.3p (6.6p). The interim dividend is pushed up from the equivalent of 0.7p to 0.88p net; the 1982 total was equal to 1.88p.

● comment

Wilson Connolly has continued its good record of steady growth and profitability with pre-tax profits on its main house building division up 29 per cent for the half year to June 30. The company has a reputation for good management and has even been able to hire the Prime Minister's "acolyte," Mr Ian Gow, now Minister of Housing, to the opening of its latest housing development in Buxton this Friday. It has also begun to retain some developed property for itself as indicated by the fall in profits from property sales this half, and the corresponding increase in profits from rental income. The company is expanding its geographical area to the south coast, in particular, *where it can probably expect a* few more deals with IBM in its development site at the old *Portsmouth Airport. For the* year most forecasts are unchanged and are looking *for pre-tax profits of around £12½m.* The market seems to have expected even better figures as the *shares closed 6p down yesterday* at 188p giving a prospective fully taxed p/e ratio of about 13½.

Healthy orders boost Kode profits at midway

A HEALTHY order book at the beginning of the year has enabled Kode International, electrical equipment manufacturer, to lift pre-tax profits from £612,184 to £802,118 for the 24 weeks ended June 18 1983. Turnover moved ahead to £6.09m, against £5.15m.

Mr E. N. Randell, chairman, points out that during the second quarter there was a brief decline in the level of orders received, in some sectors, as a result of which "we do not expect to achieve a similar rate of profit growth in the second half."

He adds, however, that rate of order input in most sectors has now recovered and prospects for 1984 are encouraging.

In March the directors reported a dip in taxable profits from £1.53m to £1.37m for the 1982 year, but this was after a settlement of a claim by a former director, costing £167,000, and a £100,000 provision for product rationalisation.

After first half tax charge of £417,100, compared with £318,336 net profits emerged ahead from £293,848 to £385,016 giving earnings per 25p share of 8.62p, against a previous 6.58p.

The interim dividend is stepped up to 2.8p (2.32p), absorbing £125,119 (£103,554)—last year's final payment was 5.68p.

● comment

The new broom has been busy at Kode and it is tempting to see this profits rise as the beginning of a new era after the mediocre performance of recent years. Tempting it may be but probably optimistic, at least as far as 1983 is concerned. Second half trading profits are unlikely to be very different from last year's £1m, though of course this time the pre-tax line will be free of heavy exceptionals. System X orders are not flowing as fast as Kode and hoped while its printed circuit board business has tripped over quality problems. Also Kode Limited, the computer systems and peripherals business, which has long been hampered by outdated products, is yet to get back into profits. During the first half that division lost around £100,000. Still if the current half looks flat the board is optimistic that by 1984 all four divisions should be pulling together. Kode Limited should be in profit, improved technology has got printed circuits pushing out acceptable products, the margin drift at Moore Reed has been stamped on and Kode Services is moving into higher technology micro-electronics. The jam tomorrow argument is sufficient support for a prospective p/e of close to 20 at 379p.

Moben at £1.5m halfway

Moben Group, furniture manufacturer, has continued its improvement in profitability, established in the second half of 1982, with profits before tax *rising to £1.53m for the first* half of 1983.

No comparative figures are given due to the acquisition of Cold Shield Windows during the first half of 1982.

For the six months to June 30 1983 sales were £35.25m against £36.33m for the half year to December 31 1982. Trading profits were £1.61m (£1.37m), and the pre-tax result was after lower interest of £79,000 (£112,000).

Mr L. D. Morris, chairman, says that Moben Continental Kitchens achieved its targeted growth and expects a further increase in the second half.

However, greater volume is required from Cold Shield before it makes a return to profitability. Costs are being tightly controlled but a profit contribution is not now expected before 1984.

The chairman adds that, overall, it is unlikely that the group profit for the second half will exceed that achieved in the first.

Tax for the period took £336,000 and after an interim dividend of 0.25p (nil), which *will absorb £138,000, the retained* surplus emerged at £1.06m. Earnings per share were 2.8p *(2.3p for the six months to end* of 1982).

Brammer ahead

For the first half of 1983 pre-tax profits of Brammer show a £293,000 advance to £2.96m on turnover ahead from £28.37m to £30.9m.

With this bearing and transmission distributor and manufacturer of belting and rubber products maintaining its market position and margins, trading profits expanded from £2.37m to £2.72m. In addition there was net income of £242,000 (£294,000) from cash and short-term deposits.

Tax took £1.42m (£1.14m) for earnings of 5.5p (same) per 20p share, and the net interim dividend is held at 2p. Last year's total payment was 5.9p from profits of £5.67m.

Harvey & Thompson progress

Progress at Harvey and Thompson, pawnbroker, continued in the second half of the year, and the company is returning to the dividend list.

Following a return to profits at the halfway stage the company made £130,000 in the second six months to finish the year to July 2, 1983 with taxable profits of £162,000 compared with losses of £299,000.

With the board sufficiently confident of the company's future a final dividend of 1.5p is being paid. Both of last year's dividends were passed as was this year's interim.

At the trading level, of this USM company, there was a £364,000 turnround from losses of £102,000 to profits of £282,000, on turnover of £1.02m against £906,000.

The interest charge was down from £107,000 to £100,000. Tax took £1,000 (nil) and extraordinary credits added £95,000 (£127,000).

UK COMPANY NEWS

BIDS AND DEALS

Higher profit backing to Cope Allman defence

Cope Allman, the packaging, leisure and engineering group, yesterday announced pre-tax profits up 18 per cent from £1.95m to £2.3m for the year to *July 2 1983.*

These figures include pre-tax profits of £3.2m for the second half of the year—more than double the £1.5m achieved in the second half of last year, and well above the £2.6m forecast by Cope Allman in its successful defence against a £23.7m bid from the Dowable consortium in March.

Mr Louis Manson, chairman of Cope Allman, said yesterday that the profits figures had been brought forward by about a week in view of a tender offer for up to 3.87m shares by the Hawley Group, announced on Thursday, *which was "not in the best* interests of shareholders."

Mr Michael Ashcroft, who controls Hawley Group, already holds a 20.18 per cent stake in the company, initially built up earlier this year when he was a member of the Dowable consortium. The tender offer, pitched at up to 85p per share, is aimed at increasing Mr Ashcroft's stake to *29.99* per cent.

Mr Manson reiterated concern about the possibility of a concert party being mounted by Mr Ashcroft and Mr David Wickins, who as chairman of British Car Auctions and Attwoods, was also a member of the Dowable consortium, and still holds a 13.6 per cent stake in Cope Allman. The Dowable consortium, specifically created for the Cope Allman bid, was formally dissolved in July.

The Takeover Panel last week ruled that Hawley was not acting in concert, but Mr Manson yesterday said that Cope Allman *intended to question the ruling* and had requested clarification from the Panel.

Mr Manson told shareholders the tender offer was "an attempt by Hawley to gain effective control of your company by offering an inadequate premium on only a small part of your shares."

He said the company had brought forward publication of the annual results "in order to demonstrate that the maximum price of 85p available under the tender offer is inadequate."

The figures for the year to July show an increase in earnings per share from 0.89p to 4.36p. According to the company, the management accounts for current year show further increases in sales and margins within the rationalised group.

The board was "cautiously optimistic" regarding the immediate future, Mr Manson said. The company has pushed up the final dividend to 1.5p compared *with 1p last year, making it 2.5p* for the year against 2p.

Cope Allman shares closed ½p up yesterday at 74p, the profits being figures released after the *close of the day's business.*

LINFOOD SELLS A KEY MARKETS STORE

Linfood Holdings yesterday agreed to set its Key Markets store at **Coalville** to the Leicestershire Co-operative Society for £3.6m.

The *disposal* comes less than three months after Linfood succeeded in buying the 106 stores which make up the Key Markets chain from Fitch Lovell for £44.8m.

The marathon acquisition, which started with a reference *to the Monopolies Commission* in November last year, only ended after a three-month leapfrogging contest between Linfod and the U.S. controlled Safeway Foodstores chain.

During the course of the bid, Linfood also purchased a group of eight supermarkets in and around the Doncaster area from members of the Round family, for £1.5m.

Mr Alec Monk, Linfood's chairman, was not available yesterday to comment on the disposal, and whether it was to be the first of several intended to rationalise Linfood's retailing operations after the Key Markets purchase, which doubled the group's outlets overnight.

Less than a month ago, the chairman reported pre-tax profits for the 53 weeks to April 30 1983 at £16.99m—more than 42 per cent up on 1981-82. The group, which also comprises Frank Dee and Gateway supermarkets, is in the course of changing its name to the Dee Corporation.

BET/REDIFFUSION

British Electric Traction is acquiring the remaining shares of **Rediffusion** it does not already own.

By September 5 the company had received 30.52m (97.96 per cent) acceptances of the offer for Rediffusion, along with 1.17m cumulative preference shares (97.79 per cent). Some *82.5 per cent of shareholders had* accepted the offer.

NASH TAKES STAKE IN BROMSGROVE

J. F. Nash and Partners, a subsidiary of Nash Industries, *has purchased for an undisclosed* sum a 14.97 per cent stake in **Bromsgrove Casting and Machinery**, a West Midlands manufacturer and supplier to British Leyland.

Bromsgrove shares were unchanged yesterday at 58p. If Nash were to mount a full bid for the company at the market price it would cost about £930,000.

Nash is believed to have picked up some of the shares in the market, as well as buying larger blocks from various pension funds and investment trusts, *which had built up smaller holdings of Bromsgrove shares during* the year.

However, the directors of Bromsgrove hold 38.9 per cent of the company and it is understood that in the event of a bid family holdings would give the *company over 50 per cent.*

For the full year to March 31 Bromsgrove made pre-tax profits of £139,823 on turnover of £4.1m.

MICROGEN HOLDINGS

Microgen Holdings has agreed in principle to acquire the *computer photo-typesetting* business and related assets, carried on under the name Systemet, of Baric Computing Services. The assets are to be acquired through the purchase of a non-trading subsidiary of Baric.

The consideration will be £1.23m, satisfied as to £124,342 by repayment of a loan account existing between the company to be acquired from Baric, and £1,105,658 by an issue of new ordinary shares of 10p each in Microgen. The shares will be placed on behalf of Baric by stockbrokers *Laurence Prust* and Co.

There will be a reduction in *the consideration if Systemet's* profit contribution, after deducting al direct costs except approximately £25,000 of computer costs, for the year to September 30, 1983 is below £275,000.

THEAKSTON

M. D. Abrahams, a privately owned Yorkshire carpets and textiles company has agreed to acquire from **London Trust** a 29 per cent holding in **T. and R. Theakston**, brewer.

In addition a rights issue of Theakston shares will take place *in the near future to raise* £650,000. This will be underwritten by M. D. Abrahams.

London Trust intends to retain a significant shareholding in Theakston.

Land Investors

Pre-tax profits of **Land Investors** lost ground in the second half of the year to March 24 1983. Unchanged at £1.5m midterm, they finished the 12 months some £365,000 lower at £2.82m.

Tax took £1.56m (£1.65m) for net profits of £1.26m (£1.54m), but the total dividend is being held at 1p with a 0.8p net final.

John Brown to cut losses

IN HIS first statement as chairman, Sir John Cuckney says that directors of **John Brown** are conducting a thorough and fundamental review of all of the company's operations and that the *loss for the current year should* be reduced. He adds, however, that he does not see the company being able to restore a dividend.

For the year ended March 31 1983 losses totalled £8.61m pre-tax, compared with profits of £14.2m previously.

Sir John, who succeeded Sir John Mayhew-Sanders, says the biggest problem facing the company is the high level of indebtedness, the reduction of which is to priority.

He explains that this reduction is unlikely to be achieved speedily and, as a precautionary measure, directors will be putting forward proposals to increase their borrowing powers.

Sir John says that had the proposed sale of John Brown Engineering (JBE) to the Hawker Siddeley group been completed, "it would have made in one step a significant move towards easing *the company's total group* indebtedness, but at a cost."

He says it would have meant a further erosion of the company's capital base and the loss from the group of a current and prospective profit contributor.

Trading relationships with Hawker "is not impaired" nor, Sir John says, is the association with the General Electric Company, of the U.S., with whom Brown has a manufacturing agreement.

The chairman says that the company's medium-term strategy remains still to seek for JBE some form of association with a supplier of a wider range of allied equipment than that at present provided by JBE.

Central TV to join USM

By Dominic Lawson

Central Independent Television, the independent television contractor for the East and West Midlands is applying to join the Unlisted Securities Market.

Dealings in the non-voting shares are expected to begin on Monday. The introduction of Central TV's non voting shares on to the USM fulfils the intention stated in the original prospectus of December 1981, and the more recent comment in the chairman's statement for the year to December 1982.

In the year ending December 31 1982 Central made a loss after tax of £685,000 on turnover of £109.3m. However pre-tax profits from ordinary activities amounted to £3.5m before extraordinary charges relating to formation expenses and the closure of the former ATV *studios* at Elstree, which reduced pre-tax profits to £562,000.

Central TV was incorporated on April 14 1980 as a wholly-owned subsidiary of Associated Communications Corporation.

A principal condition of Central's attainment of its franchise was that ACC should place 49 per cent of the equity with new shareholders. On May 5 1983 ACC disposed of its remaining 51 per cent holding in the voting and non-voting shares. As a result of this, Ladbroke Group, Sears Investments and DC Thomson each now own 20 per cent of bloth classes of equity. Pergamon Press owns 13.8 per cent of the voting shares and 12.5 per cent of the non-voting shares.

At the terms of the second ACC disposal, Central has a market value of about £35m.

Mr Robert Phillis, Central's managing director, said yesterday *"we regard the present* major shareholders as committed long term holders of our equity." Mr Phillis added that it was Central's ultimate intention to graduate to a full Stock Exchange listing. The introduction to the USM is being sponsored by S. G. Warburg, the brokers are Albert E. Sharp and L. Messel.

Nichols Vimto

A 36 per cent advance in interim taxable profits was achieved by ***J. N. Nichols* (Vimto)** in the six months to June 30 1983.

Turnover of this manufacturer of fruit compounds and cordials expanded to £10.02m against £8.32m, and pre-tax profits rose from £1.58m to £2.15m. The interim dividend is being increased by 1p to 6.5p net per 25p share.

The directors expect home turnover to be higher in the second six months compared with the corresponding period last year. However, they expect lower export figures because local production now predominates in the Middle East.

Tax for the period was £1.11m (£818,000) leaving an attributable surplus of £1.04m (£762,000) equal to 19.4p (14.6p) basic per share.

Cantors

Furniture, carpets and bedding manufacturer **Cantors** has continued along the recovery path and pushed taxable profits for the year ended April 30 1983 to £812,000. This is compared with £56,000 for last year after a £147,000 loss at midway.

Losses for the whole of the previous two years totalled £872,000.

And from earnings per 20p share of 11.39p (0.71p) there is a single, final, dividend of 1.5p (0.1p) for 1982-83.

Turnover rose slightly to £21.32m (£20.8m) and tax took £46,000 (£5,000).

APPOINTMENTS

Changes at Cadbury Schweppes

Mr John Morrison, Schweppes commercial director.

Mr John S. Morrison has been appointed commercial director of SCHWEPPES, drinks group of Cadbury Schweppes. In this *newly created post* his responsibilities include the overall control of the sales force in three operating divisions servicing the on- and off-licence and dispensing trade sectors. Mr Morrison joined Cadbury's in 1959 as a trainee. For the past two years he has been managing director of Chivers Hartley.

Mr Martin Hayman has been appointed company secretary of CADBURY SCHWEPPES. The appointment will take effect at the end of 1983 when **Mr Keith Collyer** retires. Mr Hayman joined Cadbury Schweppes in 1978 as chief solicitor. He had previously worked with Plessey, ITT and Kellogg International.

*

Dr Donald C. Lamb will become managing director of BOC from October 1. He joined BOC 10 years ago to run its special gases business. From *managing director, special gases* he successively took up two other directorships in divisions of BOC, until in 1979 he was appointed controller, compressed and medical gases.

*

Mr Robin Johnstone has been elected to the board of TANKS CONSOLIDATED INVESTMENTS

*

Mr Armando Carrasco-Zanini has been appointed vice president European and Middle East *general manager of* BANCA SERFIN, and **Mr Nigel R. Godwin** has been appointed vice president and manager of business development. Both will be based at the London office of Banca Serfin.

*

Mr Andrew Boys has joined VALIN POLLEN as client services director. He was previously managing director of Innput Marketing Services, consultancy division of the Exp-o-Tel Group. Mr Boys joins Valin Pollen as an associate director working *closely with **Mr Richard Pollen***, managing director, on client service operations and liaising with the business development director, **Mr Jonathan Hoare** (who joined the agency from the Economist in July), in the allocation and supervision of new business.

*

PULLEN PUMPS, Croydon, has appointed **Mr David Harrup**, **Mr Ron Hunsley** and **Mr Alan Snow** to the board to cover technical development, sales and finance respectively.

*

Sir Frank Cooper has joined the board of the MORGAN CRUCIBLE COMPANY.

*

RED ENSIGN WINES, Brighton, has appointed **Mr Ian Pain** as sales director. He was formerly area sales manager for H. P. Bulmer.

*

Lord Chalfont has been appointed president of the NOTTINGHAM BUILDING SOCIETY — originators with British Telecom and Bank of Scotland of Homelink, claimed to be the world's first electronic building society, banking and

Lord Chalfont, **president of Nottingham Building Society.**

teleshopping service. Lord Chalfont was Minister of State at the Foreign Office from 1964 to 1970. He has also been defence correspondent of The Times. His present interests include directorships of IBM UK, Lazard Brothers and Co., and Shandwick Consultants.

*

Mr R. W. Gravestock and **Mr M. G. Whitehouse**, at present secretaries have been appointed assistant general managers of HALIFAX BUILDING SOCIETY. Mr Gravestock becomes responsible for public affairs; Mr Whitehouse retains his present responsibilities for business information systems. From November 1 **Mr G. K. Jackson**, at present London City manager, will join the executive as a secretary. He will continue to represent the society in London.

*

Mr Jim Chadderton, industrial division sales manager of HARCOSTAR, has been appointed industrial division sales director.

*

Mr Roy Withers has been appointed chairman of the Overseas Project Board (OPB) and a member of the British Overseas Trade Board (BOTB). He replaces **Sir John Mayhew-Sanders**. Mr Withers is a deputy chairman of Davy Corp and a non-executive director of Transmark (Transportation Systems and Market Research).

*

S & W BERISFORD has appointed **Mr Jacob Rothschild**, chairman of RIT and Northern, as a non-executive director.

*

HAY Management Consultants and the MSL Group International have for many years been jointly owned, though they have been separately managed. They have now united within a single new company called HAY-MSL MANAGEMENT CONSULTANTS GROUP. The chairman is **Mr W. F. Younger**. Executive directors are: **Mr D. S. Anderson** (managing), **Mr B. J. Curnow**, **Mr A. J. Little**, **Mr C. A. Murray**, **Mr J. Rawlinson**, **Mr B. B. Reid**, and **Mr B. G. Woodrow**.

*

Mr Geoffrey E. Wood has been appointed economic adviser to THE UNION DISCOUNT COMPANY OF LONDON. He is a reader in banking and international finance, and director of the centre for banking and international finance at the City University; and is also adviser to Buckmaster and Moore.

*

Mr Barry McFadzean has been appointed a director of HAMBROS BANK. He will be a member of the Bank's operating committees. His previous business experience includes a period as executive director of S. G. Warburg and Co.

*

STANDARD CHARTERED MERCHANT BANK has appointed **Mr Jan R. Valdinger** a senior assistant director.

*

Mr Michael J. M. Garvin will join DOMINION INTERNATIONAL GROUP on September 19 as an executive director. His main responsibility will be the natural resources division and he will represent Dominion on the board of its 65 per cent *subsidiary Southwest Resources*, which has oil and mining operations in the UK, the U.S. and the Far East.

*

Mr Ian Gow, Minister for Housing and Construction, has reappointed **Mr D. W. Llewellyn** as chairman of the BUILDING REGULATIONS ADVISORY COMMITTEE until March 31 1985. *He has been chairman of* the committee since October 1977.

*

The NETHERLANDS-BRITISH CHAMBER OF COMMERCE has appointed **Mr W. F. Zeverijn** as director. Mr Zeverijn previously spent 29 years with Shell, mainly on the marketing side, in the Netherlands, UK and Eastern Africa. He most recently served as general manager in Ethiopia and Djibouti.

*

Mr Ronald Alfred Sanders and ***Mr David Stephen Clarke*** have been appointed managing directors of SHORTLOAN INTERNATIONAL.

*

Dr Raj K. Nangia has been retained by SAC TECHNOLOGY GROUP as consulting engineer specialising in aerodynamics and aircraft projects.

*

Mr Derek R. Pooley has been appointed a director of GRAY DAWES BANK.

*

Mr Nigel Elliott has been appointed assistant general manager of WESTMINSTER ASSURANCE as part of a reorganisation of this life insurance subsidiary of the Sentry Insurance Group. He will be responsible for the operations of two new groups—pension products and unit linked products. In addition he will continue as actuary. He joined the company in 1974. **Mr Philip Knight** has been named manager of the unit linked product group. He has recently joined Westminster Assurance after serving as technical manager of Property Growth Assurance. **Mr Sultan Jetha** has been appointed manager of the pension product group, and has been promoted to deputy actuary from pensions actuary.

*

INBUCON MANAGEMENT CONSULTANTS has appointed **Dr Alastair Graham-Bryce** as director of manufacturing technology. He is chairman of the Robotics, handling and automation committee of the Institution of Mechanical Engineers.

TECHNOLOGY

EDITED BY ALAN CANE

PAKISTAN TO SPEND £32m TO BRING SOLAR POWER ELECTRICITY TO SMALL TOWNS

Sun beams power to remote villages

BY JOHN ELLIOTT, SOUTH ASIA CORRESPONDENT

FLUORESCENT street lights hang incongruously from wooden poles above rough village paths, groups of cattle and a mosque. Huts and houses built of mud bricks have their own internal strip lighting and power points and some have been tanks producing bio-gas from cattle waste in their courtyards. In two enclosures, a short distance away, are lines of futuristic-looking solar panels, a communal television set and a solar cooker.

The village is Mumniala, a few miles outside the Pakistan capital of Islamabad. It is the first of 13 villages in the country to be equipped with experimental alternative and renewable sources of light and power.

The Pakistan Government expects to spend some £32m providing 150 such villages with energy from solar, bio-gas and wind sources during the next five years. That will be the first step towards an eventual programme covering the 15,000 smallest, and most remote, of the country's 50,000 villages where grid electricity may never arrive, or, would be uneconomic. So far only about a quarter of the 50,000 villages have electricity.

These plans are believed to amount to one of the most advanced solar and other alternative energy programmes in the developing countries. They are to be outlined at the World Energy Conference in New Delhi on September 18 by Mr M. Sohail Qureshi, the Government's director general of energy resources. Unlike more limited developments in countries such as India, the aim is to test and develop solar and other energy sources in complete communities, despite initial high costs.

Mumniala's SkW solar equipment cost U.S.$150,000, about U.S.$20 to U.S.$30 a watt, plus building works. The target is to cut this gradually to under $5. Because breakdowns are rare only a single maintenance mechanic is needed as a watchman for each instalation (with a back-up in remote areas). Solar power is, therefore, considered much cheaper than diesel generators which are the alternative for small-scale electricity generation. The solar panels are estimated to have a 10-year life.

International interest in meeting the demands for solar equipment is now building up although Pakistan wants to produce as much as possible itself and is only importing more technologically advanced components. Mumniala is powered with equipment from Arco of the U.S. which has now shown interest in manufacturing locally.

Three Japanese companies—Kyocera, which is part of Mitsubishi, Komatsu, and Sharp—have supplied solar panels for three other experimental villages. They have borne one-third of the cost themselves, the other two-thirds being split between their local distributors and the Pakistan Government.

Plans are also being finalised for establishing two solar panel factories in the country. Komatsu is linking up with Jaffar Brothers of Islamabad, for one. Solarex of the U.S. may join for the other with the Fauji Foundation, an industrial conglomerate based on army charity funds whose chairman, Major General Rao Farman Ali Khan, is also Minister for Petroleum and Natural Resources. These two factories are planned to produce panels of 500 kw each a year with a maximum capital outlay of US$1.6m each. They will be offered almost all the work available during the next stage of the programme.

A 100KW installation in the city of Kharan, deep in the heartland of the province of Baluchistan, is being handed separately because it is 10 to 20 times bigger than the general village plans. The project will cost some US$800,000 and tenders for importing the equipment are being obtained from Solares, Kycera, AEG-Telefunken of West Germany, and Solarforce of France.

Development aid totalling $12m in grants, $1m in OFT loans is being provided for the next two years' experiments by various international organisations and countries including the EEC, UN, France, Japan and West Germany. The villagers are intending to buy their equipment with Government-backed loans under a system which is aimed at divesting the Government of any financial responsibilities in about seven years.

The solar energy is generally used for tubular lighting externally and internally, for water pumping and for room fans. It is provided initially in direct current form but is converted to alternating current for lighting. It is not usually strong enough for efficient use of heavy duty items such as electric irons, room heaters or air conditioners.

The bio-gas installations use cattle waste, which is traditionally dried in the sun in cakes on walls and then burned on open fires inside or outside houses. The waste produces 60 per cent methane and carbon dioxide in the bio-gas fermentation digestors. The gas is stored in the production pits and is used for cooking, external lighting and for two-stroke piston-powered fans. Its main purpose is to replace kerozone which has to be imported and is an expensive item on Pakistan's balance of payments.

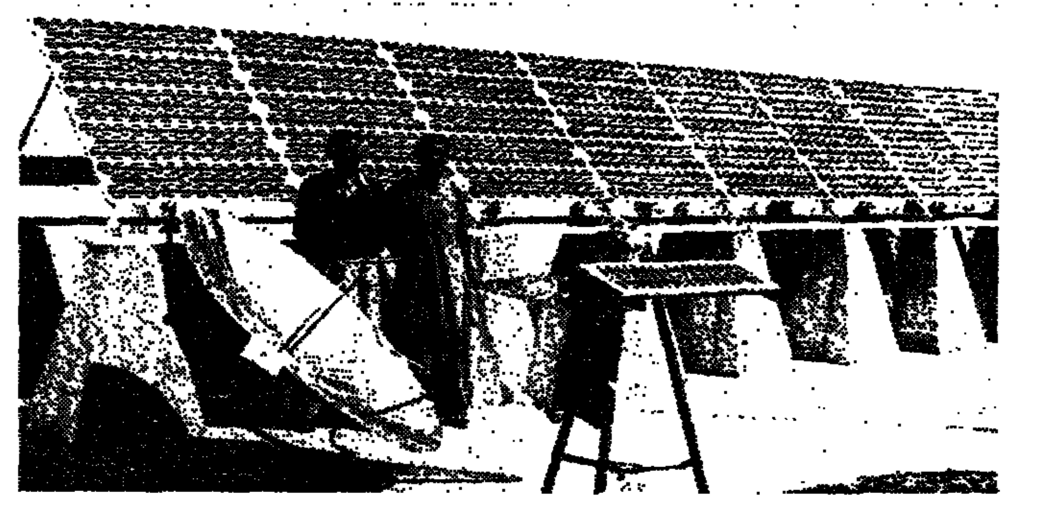
Because of problems organising local villagers, only about three of the 150 villages in the initial programme will have communal bio-gas units. But over 20,000 family-sized units costing about £400 each are being sold for individual homes following demonstrations in more than 2,500 villages.

Wind power, produced by low velocity windmills costing about £500 each, are being used with solar energy in two of the initial 13 villages in strong wind areas like Baluchistan.

Mumniala was chosen to be the first experimental village in 1981 partly because it is near Islamabad and good roads. Several of the villages which are now being equipped are also near major cities. But most of the future villages will be in the wilder under-developed regions of Baluchistan and the north west frontier province which the government is anxious to develop for both political and economic reasons.

They vary in size from 20 to 200 homes and will have different mixes of bio-gas and wind energy alongside the solar power.

These developments are small compared with the capital cost of large-scale power stations. But the Pakistan government believes they will plug what would otherwise be a long-term gap in the electrification programme. The potential business created is enormous—Kyocera is aware enough of this to have sent General Zia Ul-Haq, martial law president of Pakistan, a crate full of solar-charged pocket-sized radios to prove the potential of the power of the sun, harnessed by Japanese technology.



The main 5 kw solar supply for Mumniala village consists of 120 solar photovoltaic modules, each measuring four ft by one ft. They stand on brick piers on fixed rather than movable mountings to avoid maintenance of moving parts. They are located just outside the village in a compound which also houses 60 batteries storing five days' supply of electricity, which is considered enough in Pakistan's sun-drenched climate. In a separate installation, 18 solar modules power a water pump in the village's well.

The main compound includes a television set in a wooden box on stilts which is powered by solar energy and is turned on for adult education programmes. There is also an experimental collapsible solar cooker consisting of a light metal alloy dish which reflects strong heat up to a pan sitting on a ring near the outer rim of the dish. But the cooker has limited domestic use because the heat is so great that someone stirring the pot would be cooked before the food.

Each of the 40 dwellings in the village has an electric fan and two or three fluorescent lights. There is a television point in case there is sufficient power later for individual sets. There are also several street lights.

Individual bio-gas plants have been installed in the village's 11 houses which have at least four or five animals, the minimum number needed to provide sufficient animal waste for fuel.

TELECOMMUNICATIONS REPORT

Suppliers blamed over new PABXs

BY ALAN CANE

A SHARP indictment of the state of readiness of some equipment suppliers for open competition in the new liberalised UK telecommunications market is contained in a report on the new generations of private automatic branch exchange (PABX) systems.

Of the 15 key suppliers to the UK market it says that only Plessey, Philips, IBM and, to a certain extent, GEC showed any competence in selling their product: "And even this was generally not impressive."

The report commented: "The others failed in presentation relative to the requested requirement. They were also consistently late in responding and information was far from complete."

These findings emerged from a trial conducted to see how best the vendors could match up to a specification for a modern PABX system. Plessey and Telephone Rentals came out top with Philips and British Telecom some way behind.

GEC was in eighth place, IBM, giant of the data processing industry was 13th.

The report suggests that the vendors' shortcomings could be the result of the reorganisation of sales forces and product offerings as a result of a new evaluation of the marketplace.

The report, *Review and Analyses of New Generation PABX Systems*, is published by Romtek of Windsor in Berkshire at £950. It aims to give a snapshot of the vendors and the available PABX equipment at an early stage of open competition.

It recognises 14 original developers of PABX systems worldwide: Mitel, GTE, Harris, Pye, Plessey, ITT, Thomson CSF, Ericsson, Rockwell, Northern Telecom, IBM, Hitachi, Fujitsu and NEC. Philips, GEC, Thorn, ICL and Ferranti collaborate with partners in the development and marketing of systems. Norton, Telephone Rentals and British Telecom are distributors of other companies' products, the report says.

The report notes: "It will be interesting to see whether ICL gets the DNX2000 (a Mitel product) off the ground. If this product, scheduled for 1984, were available today it would run a very close second to Plessey . . . ICL has embarked on an ambitious facilities mix. It will find the user of this market as impatient as the computer industry. Reliability in the delivered product is quite different in requirement to that which ICL has traditionally delivered."

SYNTHESIS GAS FROM COAL

NCB looks for new processes

THE NATIONAL Coal Board and the chemical industry have begun discussions on future developments to turn coal into synthesis gas. This gas is the important starting point in the production of chemicals, plastics and oils.

It is estimated that the consumption of synthesis gas by the UK chemical industry may amount to the equivalent of 6.5m to 8m tonnes of coal by the end of the century by which time coal will be the most economic starting point.

Synthesis gas is mainly made up of a mixture of hydrogen and carbon monoxide. Much of this gas produced in the UK is made from natural gas.

Discussions between the chemical industry and the NCB are aiming to match the different types of coal gasification processes to the types of coal available in the UK, and to the properties of the gases required for different products.

Established processes have low conversion efficiencies but these plants are usually operated in countries which have limited stocks of oil and gas but a plentiful suppy of coal and low labour costs. The NCB says that none of the present technologies is applicable to the UK. But work is being carried out to demonstrate new processes by the time the UK is ready for the coal conversion towards the end of the century when stocks of natural gas run out.

ELAINE WILLIAMS

Components

Bubbles come down

INTEL has reduced the price of its 1Mb bubble memory storage system to try to promote greater use of this type of memory. Now bubble memory of this size is reduced to U.S.$99—the first time that the cost of bubble has dropped below U.S.$100. There has been a steady decrease in the price of such memory by Intel over the past three years. When Intel introduced its system four years ago the bubble memory cost U.S.$2,500.

Computers

Solid calculations

CALMA CAN now offer a program for the automatic calculation of mass properties within its DDM/Solids software package for mechanical engineering computer aided designs.

Once the designer has produced a completely surfaced design or enclosed volume on the screen, various values can be automatically produced including surface area, volume, mass, and moment of mass. More on 0276 682021.

Software

Peachpak links

MANAGEMENT Science of America, MSA, has introduced an enhanced version of Executive Peachpak which provides a direct interface to the 1-2-3 integrated microcomputer software. More details are available on 0628 39242.

ENERGY REVIEW

Acid rain : high-flying hunt for the culprit

By David Fishlock

There was talk recently at a U.S. trade association in Washington of a bumper sticker no one had had the courage to issue. The trade body was the Atomic Industrial Forum, representing makers of nuclear plant. The message was: "Acid rain causes nuclear power."

No one knows what causes acid rain. This is the evocative term for the apparent consequences of high acidity in soils and surface waters in several countries, notably Norway, Sweden, West Germany and Canada. But it is plain—Sir Walter Marshall, chairman of the Central Electricity Generating Board, stressed the point again this week—that any precipitate action against the electricity industry to cut its sulphur emissions from coal-fired stations will tilt the economic balance still more strongly in favour of nuclear plant.

Mr Ian MacGregor, newly-appointed chairman of the National Coal Board, made the same point when he said there were too many people "avidly looking for simplistic answers to complex questions." There was so much at stake for the coal industry that it was very important to take advantage of the highest level of research capability, he said.

Putting research money into a blind trust

The two nationalised industry chairmen were taking the unprecedented step of committing substantial funds—£5m between them over the next five years—to a research programme over which they would have no control, either of the questions posed or the publication of results.

Sir Walter had no doubt his auditors would raise their eyebrows at this—but his worries about acid rain are much bigger. If the British electricity industry, of which the CEGB is the major component, took the action now being urged by the EEC, to cut its sulphur emissions at source to one-third, it could mean the investment of more than £4bn in such plant as flue gas desulphurisation equipment. And this would mean an additional operating cost of about £700m a year.

The sulphur comes from the NCB coal it burns, which accounted for about 80 per cent of CEGB electricity last year. The NCB's research concerned with sulphur has concentrated mainly on new ways of burning coal, such as fluidised-bed combustion, where the sulphur is retained in the combustion system. But such practices are far from proven for large-scale electricity production.

The CEGB, on the other hand, has spent at a more fundamental level, in its "flying chemistry" research programme.

The aim of this programme, mounted by the Central Electricity Research Laboratories at Leatherhead, is to track emissions from its tall power station stacks as they are blown across the North Sea. This involves flying the highly instrumented aircraft of the Meteorological Office back and forth, up and down in the path of the plumes.

The CEGB reckons it has spent about £5m on the flying chemistry programme over the past five years. It has received some help from the U.S. electricity industry through its co-operative research body, the Electric Power Research Institute (EPRI) in California.

But Sir Walter recognises a "credibility gap" for any research into acid rain that the electricity industry may mount itself, no matter how worthy it may be scientifically. "Our difficulty is that we are so obviously so much affected by the effects of acid rain that any research we do ourselves is immediately suspect."

He therefore conceived the idea of putting money into what he calls a "blind trust." As a Fellow of the Royal Society of long standing, he proposed that this eminent body should manage an independent investigation of acid rain.

He also proposed that the CEGB and the Coal Board — as the industries which would suffer most grievously if governments gave in to the current clamour of environmental bodies — should fund the programme jointly.

This week the Royal Society announced that it had accepted his scheme. The Royal Society, the Norwegian Academy of Science and Letters and the Royal Swedish Acadamy of Sciences have jointly agreed to initiate a long-term collaborative programme of research into the causes of acidification of surface waters in Norway and Sweden, and the implications for fisheries.

Three figures behind the acid rain enquiry (from left): Mr Ian MacGregor, the new Chairman of the National Coal Board; Sir John Mason, Director General of the *Meteorological Office, and Sir Walter Marshall, chairman of the Central Electricity* Generating Board.

The announcement was made at the start of a three-day scientific meeting on acid rain at the Royal Society. But it said the aim of the new programme was not to duplicate "much intensive theoretical and experimental research in many countries." It was to "provide a sufficient understanding of the processes at work in soils and surface waters to be able to predict, with confidence, the effect on fisheries of particular reductions in acid concentrations."

"We could see no sense in going into this programme unless we had the co-operation of our colleagues in the Scandinavian academies," says Sir Morris Sugden, physical secretary of the Royal Society, who is chairman of the management committee for the research programme. Scientists from Norway and Sweden will sit on his committee, which hopes to hold its first meeting next month.

To direct the project, the Royal Society has chosen a vice-president, Sir John Mason, shortly to retire after 18 years as director-general of the Meteorological Office. Sir John sees a five-year programme as "just a start" on a very complex problem. "But we've got to make a start."

Sir John recalls his close involvement with a similar "but simpler" problem, namely accusations by the environmentalists that large fleets of Concordes flying at 70,000 feet would damage irreparably the ozone layer of the upper atmosphere which protects us from excessive ultra-violet light.

As the research progressed down through the 1970s, the estimated damage by supersonic emissions grew less and less, to the point where the scientists are now saying that fleets of Concordes would cause an *increase* in ozone, Sir John says.

The scientists say the same pattern has been followed in the case of acid rain. One of Britain's foremost environmental scientists, Dr Kenneth Mellanby, former director of the Nature Conservancy and since his retirement editor of the journal *Environmental Pollution*, reviewed a recent scientific conference on acid rain for *Nature* last month.

After pondering the results of about 50 papers presented at the conference in West Germany, Dr Mellanby concluded that what he called the "simplistic" scare stories of how German industry is destroying the Black Forest are "neither accurate nor supported by scientific evidence." The evidence shows that sulphur dioxide levels in the Black Forest are "very low indeed, as is demonstrated by the wealth of foliage and leafy lichens, particularly on the moribund firs."

He concludes that if sulphuric acid is to blame for the death of Germany's trees, then it must have come from further away than German factories and power stations. "So the policy of German Government, spurred on by the Green Party, to reduce sulphur output from their industry to low levels, at a very considerable expense, may be, on a global scale, very altruistic, but it will not do any good (or any harm) to the trees of the Black Forest," Dr Mellanby says.

The cause of the damage to the trees was not agreed among the scientists, he continued. But he says there were few supporters for the view that acid rain had been proved to be the only, or even the main, culprit. "The general consensus suggested that the most likely cause was the combination of a cold winter, a dry summer, fungal disease, elevated ozone levels with, possibly, raised aluminium levels in the soil water arising from the effects of acid precipitation."

Dr Mellanby also took the trouble to do what few who have attacked the electricity industry have troubled to do. He toured the stricken areas of Germany himself. "This was a revealing experience," he says. "Far from the widespread devastation highlighted in a recent television programme shown in Britain, the ordinary tourist, or even the visiting scientist, could travel for days without seeing any serious damage."

In April, Dr Peter Chester, director of the Central Electricity Research Laboratories and responsible for co-ordinating all the CEGB's scientific work on the environment, gave a public address on acid rain at the Royal Society of Arts in London. He showed how all fears of acid rain so far were purely hypothetical, and how, each time a new theory of devastation allegedly being caused by atmospheric sulphur was tested scientifically, it simply faded away.

As scientific evidence accumulates, the Swedish case against the electricity industries of Britain and Western Europe weakens, Dr Chesters says. If indeed there are any reductions in crop yield caused by sulphur dioxide, "their cost dwindles into insignificance in relation to the cost of avoiding them and the remedy is largely in national hands."

Sweden now finds no evidence of damage to its forests. Sulphate levels and acidity in Swedish rivers have "evidently not risen dramatically" as the Swedes were claiming so vociferously at the UN Conference on the Human Environment in 1972. There has been no substantial trend in rain sulphate—acid rain—in Europe or North-East America since at least 1965, he says.

Dr Chester says there is strong circumstantial evidence that declining fisheries in Scandinavia "may be due to acid deposition." But he added that the degree of damage in the most affected areas does not correspond to differences in deposition. "Nor is there an adequate scientific basis for asserting that the problem will get worse, or spread, without urgent action, nor for predicting what improvement can be expected from a given reduction in acid deposition."

According to Dr Chester, the Swedes are containing their acidity problems by dumping comparatively small quantities of limestone in lakes to neutralise the acid. In principle, he says, it needs only 10 grams of limestone per square metre of catchment to counter the

Tracking emissions from power station stacks

heaviest acid deposition in Scandinavia. "A European fund for such measures would involve less than one-hundredth of the cost of the programme of sulphur dioxide controls now being rushed through the community."

Lord Flowers, former chairman of the standing Royal Commission on Environmental Pollution, summed up the whole acid rain debate by suggesting that the environmentalists were perhaps urging "the $1bn solution to the $1m problem."

COMPANY NOTICES

GOLD FIELDS GROUP

GOLD FIELDS OF SOUTH AFRICA LIMITED
(Incorporated in the Republic of South Africa)

DECLARATION OF FINAL DIVIDEND (No. 71)
UNITED KINGDOM CURRENCY EQUIVALENT

In accordance with the Standard Conditions relating to the payment of Dividend No. 71 declared on 16 August 1983, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of exchange of R1.6854857 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 6 September 1983 as advised by the Company's South African bankers.
The United Kingdom currency equivalent of Final Dividend (No. 71) of 320 cents per share is therefore 189.85625p per share.

By order of the board
per pro CONSOLIDATED GOLD FIELDS PLC
London Secretaries
P. F. G. ROE, Secretary
United Kingdom Registrars
Hill Samuel Registrars Limited
6 Greencoat Place
London, SW1P 1PL

London Office:
49 Moorgate,
London, EC2R 6BQ.

6 September, 1983.

BANQUE NATIONALE DE PARIS

Floating Rate Note Issue of US$400,000,000

September 1983/91

The rate of interest applicable for the period beginning September 1, 1983, and set by the reference agent is 10 11/16% annually.

THE TOR INVESTMENT TRUST, PLC

NOTICE IS HEREBY GIVEN that the Registers of the Cumulative Preference Shares will be CLOSED from 16th to 28th September inclusive.
By Order of the Board,
I. W. JONES,
Assistant Secretary.

HIGSONS BREWERY PLC

NOTICE IS HEREBY GIVEN that payment of the Interest in respect of the 6½% Unsecured Loan Stock 2000/2005 due on 1st October 1983 will be made to those Loan Stockholders on the Registers at close of business on 15th September 1983.
By Order of the Board
H. E. THOMAS, Secretary
127 Dale Street,
Liverpool L2 2JJ.
7th September 1983.

KOMMUNLANEINSTITUTET AKTIEBOLAG
UA 15,000,000 7½% 1978/1993 BONDS

NOTICE IS HEREBY GIVEN to Bondholders of the above loan that the principal amount redeemable on October 12, 1983, i.e. UA 450,000 was bought in the market.
Amount outstanding: UA 12,750,000.
The Fiscal Agent
KREDIETBANK S.A. Luxembourgeoise
Luxembourg, September 7, 1983.

LEGAL NOTICES

IN THE MATTER OF COMPANIES ACT 1948
AND IN THE MATTER OF MODERN LIGHTING PRODUCTS LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act, 1948 that a GENERAL MEETING of the Members of the above-named Company will be held at 1 Wardrobe Place, Carter Lane, London EC4V 5AJ on Tuesday, 27th September, 1983 at 12 noon to be followed at 12.15 pm by a GENERAL MEETING of the Creditors for the purpose of receiving an Account of the Liquidator's Acts and Dealings and of the conduct of the Winding-up to date.
Dated this 26th day of August, 1983.
P. GRANVILLE WHITE, Liquidator.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Tactics of a reluctant takeover target

David Dodwell looks behind the battle for control of the John Waddington Group

IF JOHN WADDINGTON, the games and packaging group, learns today that Robert Maxwell has failed in his fiercely contested bid for the company, then it should probably look back to an early morning meeting in Norwich 13 days ago as the turning point in its battle for independence.

At that point, with acceptances amounting to 47.3 per cent of Waddington's shares, Maxwell had the scent of victory in the air. He had extended his offer—which amounted to about £17m—for a further three days beyond the first closing date, and declared he was "within a whisker" of drawing Waddington into the fold of his British Printing and Communications Corporation (BPCC).

Recognising that desperate initiatives were necessary to ensure survival, Victor Watson, Waddington's chairman, put an urgent telephone call through to Gavin Mills, investment manager of Norwich Union Insurance.

The Norwich Union, with 4.4 per cent of Waddington's shares, had accepted Maxwell's offer. Victor Watson pleaded that if Mills would only let him and his managing director, David Perry, come down to Norwich and talk face to face, then they felt they could make him change his mind. Mills agreed, but warned sternly that if they tried to compromise him by offering privileged information, then they would emerge with more than egg on their faces.

Victor Watson and David Perry drove overnight from Leeds, home of Waddington since it was founded in 1905, and were waiting on Norwich Union's doorstep at nine the following morning. An hour later they emerged jubilant. Mills had agreed to withdraw Norwich Union's acceptance.

What was it that had so impressed Mills that he changed his mind? The next day, he revealed: "We had thought of Waddington as a family controlled company where the family had got too emotionally involved to make necessary changes.

"But I felt after meeting with Mr Watson and Mr Perry that under present management, with Mr Perry at the helm, the company has a reasonable chance. It was not a company that should be ditched."

Triggering this change of heart was a conviction that David Perry, brought in—ironically from BPCC—two years ago to haul the company back from the precipice, was a man deserving confidence: "I liked the look of him—it's as quick and simple as that," Mills confessed. "He had an obvious grasp of the business, and seemed to be a man who could make painful changes without being a sod."

It is easy to see why David Perry had a powerful impact. He is closer to six feet six tall than six feet, and a former England Rugby Union international—captaining the side in 1966. After winning a place at Christ's College Cambridge, he had a one-year orgy of sport before failing all of his exams and being thrown out into the world to work.

After nine years working for E. S. and A. Robinson—which later became the DRG paper and packaging group—he joined Fell and Bryant in Croydon and was managing director within two years. In 1978, he joined the British Printing Corporation as chief executive of the packaging division. He was appointed to the main board a short time before Robert Maxwell took the group over and renamed it BPCC.

When he joined Waddington in 1981 as deputy managing director, the company was at its lowest ebb. A disastrous flirtation with video games had just been terminated, with total losses eventually put at £6m. The company was headed for the second consecutive year of losses—not seen since 1923.

Local commentators argued that Waddington was suffering the same fate as the Yorkshire Cricket Club at nearby Headingley—it was paying the price of too much inbreeding. Given delusions of grandeur because of its illustrious local reputation—the company was thought of by many as "toffee nosed"—it had failed to recognise that in national or international terms it was a comparatively tiny operation. Even now, sales amount to just £48m.

Traumatic changes

In addition, its fame as a manufacturer since 1936 of the board game Monopoly—still today the world's biggest selling board game—had bred a false confidence in the group's immortality.

Victor Watson concedes that the traumatic changes of the past two years — perhaps the most radical in Waddington's 78-year history—could not have been done without David Perry. "He was able to look at the business with new eyes, new energy and without pre-conceived ideas. He has done things that I would have found difficult to do."

But what has he done to transform the company's fortunes—and to so impress the likes of Mills of Norwich Union, or the institutions accounting for 46.2 per cent of Waddington's shares which early in the bid declared their intention to stay loyal to the company?

For six months, David Perry "just got to know the people, the products, and the markets we were in." But by the time he became managing director in May last year, changes were in train that have transformed the face of the company. Architects for change were Perry himself, and Ken Lunn, long-standing managing director of Waddington's plastics subsidiary Plastona, who was transferred to become assistant group managing director.

Today, a sprawling tangle of 12 subsidiaries has been rationalised to seven. From 16 factory sites, Waddington now has just 10. The workforce has been trimmed from 2,200 to 1,760. Every subsidiary has a new managing director. It all cost about £2.5m, but Perry estimates annual savings to be around £3m.

"I gave everyone six weeks to come up with plans for cost reductions," says Perry. "By automation, by doing without things that we had before, by reviewing management practices and by decentralising, we have been able to implement changes quite quickly.

"The rationalisation was desperately complicated — we had an enormous product range, different discount systems, duplication everywhere. It was an extremely painful operation—sometimes with tears and emotional moments—but the changes were showing clear signs of working within six months of us implementing them."

As a result, the games division, which accounts for about 22 per cent of sales, has been returned to profits. The Canadian subsidiary—which was within three months of being closed down—is now also making substantial profits. Perry concedes that the Canadian turnaround is as much a result of good luck as anything else—a new game, Superquiz, has become a best seller overnight.

At the same time, Plastona, the plastics subsidiary which accounts for another 25 per cent of sales, is reporting strong growth. With staffing cut by almost 20 per cent, sales are up by about 5 per cent. A new contract for supply of margarine tubs is expected to increase output next year by 15 per cent, while a major marketketing effort on Waddington's "plasticans" and ovenable plastic trays shows signs of paying dividends.

City left breathless

Folded cartons and carded packaging — which again account for 25 per cent of sales —remain profitable, but at margins lower than satisfactory, says Perry. This is seen as a static rather than a growth area.

In contrast, ambitious plans are being laid for Waddington's security printing operations. Waddington prints 5 per cent of Britain's stamps, and David Perry is working hard at persuading the Post Office to dilute its dependence on Harrisons, which prints about 90 per cent. Printing overseas stamps, secure forms — and even Monopoly money — make security printing a highly profitable area, as is its business forms printing operations.

Seeing early signs of a swift upturn, Waddington was fast to incorporate a new profits forecast into its bid defence. But the prediction of £3m profits before tax left the City breathless. Profits in the year to April 1983 had, at £162,000, certainly been an improvement on the previous year's losses, but further recovery on the scale forecast was first seen as a far-fetched defence tactic, and then perhaps as a flash in the pan.

Waddington was therefore vindicated when, at the four-month stage, it was able to report an unaudited pre-tax profit of £1.18m—well on target for the full-year forecast. It was perhaps only then that faltering institutions began to believe the claims being made by David Perry that the company had indeed been turned round — and did not need a BPCC or Maxwell to do it.

Waddington then worked on investors' fears that the improvement was no more than a windfall from the cost-cutting of the past 18 months. It was important to convince them that the turn-around would be sustained.

The first ploy was to argue that recovery had been fast because customers had been kept loyal and because throughout the period of surgery a clear idea of the company's basic business aims remained undisturbed.

The second ploy was to emphasise that previous weaknesses had been dealt with. David Perry remarks: "The company has had any number of marvellous ideas in the past but has often failed to—or not known how to—exploit them. In future we are going to know how to exploit them." To this end he has set up a three-man product development team and a central group business development department.

A fear has no doubt been that many institutions are either sufficiently ignorant of the changes that have taken place at Waddington, or sufficiently unconcerned about the changes, to respond positively to BPCC's bid. Mills was honest enough to admit that with £1.5bn of investments the Norwich Union's £250,000 stake in Waddington had never greatly exercised anyone's mind.

Other investors pay more attention to the yield on Waddington shares, or the dividend, or simply to the price offered by BPCC, than to talk of winds of change whistling through the Waddington corridors.

Nevertheless, if Waddington survives the assault, it will probably be because the company's main institutional investors have thought long and hard about David Perry being the right man in the right place —and if not on time, then certainly not too late to save the day.

Waddington will remain for some time a company on probation, a fact of which neither Perry nor Watson are in any doubt. Board weakness remains a matter of concern—more specifically that the Watson family influence remains inordinately strong, in the guise not just of Victor, but of his brothers Beric and John.

Victor Watson tries hard to soften such fears: "We did the rationalising together, but we could not have done it without David Perry. We will continue to run the business as a team, but now he's in charge."

Mills for one seems convinced that this is so. Casting back to that early morning meeting, Perry recalls: "All we did was put flesh on the bones." For Mills, it is clear that the flesh impressed where the bones did not—and confronted by a former England rugby union back-row forward, that comes as no surprise.

David Perry (top) believes that the John Waddington Group has a better future as an independent company and has made strenuous efforts to try to convince the company's shareholders, particularly institutions that a £17m bid by British Printing and Communications Corporation is not in its best interests. For his part, Robert Maxwell (above) is convinced that Waddington would have a better future under BPCC's wing.

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Claim against liquidity

In November 1981 I made a claim against a company in voluntary liquidation. The company is (or was) a wholly owned subsidiary of a substantial private holding company which paid the costs of the liquidation. My claim was rejected by the liquidator on the grounds that the proof of debt was received after the due date (it was not) and that he did not accept that any debt existed.

I commenced proceedings in the Queen's Bench Division at the beginning of December, acting in person. The matter has proceeded at a rather slow pace due to my other commitments and because of difficulties placed in my path by the solicitors acting for the other side. These solicitors wrote to me, on April 8, to say they had just found out that the company had been dissolved in August 1982, and asking me to arrange to serve a Certificate of Abatement forthwith.

I replied that as the matter had not been set down for trial this was not possible. They have now written to me again that I was right but that proceedings cannot be maintained against the company and that I should discontinue them.

Would you please be so good as to advise me (i) can I continue the claim against the liquidator? (ii) if so, do I amend the existing writ or do I have to commence new proceedings?

You should amend the writ, but it would probably be better to discontinue and issue a fresh writ if you do not intend to do anything about the dissolution of the company; but your better course might be to petition the Companies Court for the restoration of the company to the register by declaring under Section 352 of the Companies Act 1948 that the dissolution was void. If appropriate you could also seek a compulsory winding-up.

Tenancy agreement

We have let a room in our private property under a short term to an accountant for a tenancy of two years. We want to regain possession on June 30, 1984. The local council has not granted full planning permission for use as offices but it has taken no action.

Does the tenant have any grounds on which he can, if he so wishes, remain in occupation after June 30, 1984? What is the form of notice which we must give and when should this notice be given to the tenant?

The tenancy agreement creates a business tenancy which attracts the protection of Part II of the Landlord and Tenant Act 1954. The tenant will therefore be entitled to have a new tenancy granted to him unless you can establish one of the grounds of opposition specified in Section 30 (i) of that Act—normally only grounds (f) and (g), demolition or reconstruction, or occupation for the purposes of the landlords' own business—are used. In any event, it is essential to serve a notice to quit in the form required by Section 25 of the Act between July 1, 1983 and December 29, 1983. If you are not willing to grant a new tenancy and can fulfil one of the grounds in Section 30 (i) you must comply strictly with the statutory requirements and ensure that the notice is served within the time limits and in the correct form. If you do not serve a notice more than six months before the termination date of the contractual tenancy it will continue automatically until the date specified in a proper notice which gives a date for the tenancy to determine which is not less than six nor more than twelve months after the service of that notice.

Jurisdiction of Court

Prior to and immediately after the Iranian revolution a large number of foreign firms left the country without settling their debts with local suppliers. One such company incorporated in the U.S. has persistently refused to settle a $15,000 debt to an Iranian supplier (who now lives abroad) claiming that until such time as their own claims have been met by the Iranian Government with whom they had a contract they will not pay up. Can the supplier who is not a UK resident pursue his claim through the English courts?

If the contract was between an Iranian and an American company and was for the supply of goods in either of those countries the English courts will not entertain a claim unless the contract expressly provides for English law to apply to the contract.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Wednesday September 7 1983

ØØ

Eurodollar market springs back to life, Page 42

WALL STREET

Gains arrive on back of M-1 figures

THE NEW YORK stock market yesterday recorded its largest one day gain for more than a month in response to the unexpected $1.4bn fall in M-1 money supply disclosed after market hours on Friday, *writes Terry Byland in New York.*

The Dow Jones Industrial average, after a mid-session pause, continued solidly upwards throughout the afternoon to close 23.27 points higher at 1,238.72, just 9.58 short of the peak established on June 16.

In the bond market, which had advanced strongly late on Friday after the M-1 news, prices consolidated at their higher levels.

Turnover was 87.5m shares as the markets returned to work after the Labour Day holiday weekend. Friday's fall in M-1, which brought the total back inside the Federal Reserve's target range, contrasted with bond market forecasts of a slight increase.

The news helped to confirm the more optimistic mood on Wall Street which now hopes to see the U.S. economic upturn continued, but at a more moderate pace than in the first half of the year.

This moderation of pace, the market hopes, will help curb inflationary pressures and hold interest rates down.

With President Ronald Reagan taking a strong line in his response to the shooting down of the Korean airliner, defence and aerospace issues moved higher.

Lockheed shares were delayed at the market opening by an imbalance of orders and later traded at $114⅞, a net gain of $2½ on the day. Rockwell jumped $2 to $30½ and General Dynamics at $52¼ showed a gain of $1⅛.

Renewed buying of computer issues saw IBM $2⅛ higher at $121⅞ and Honeywell $2¾ up at $123. Among the manufacturers of personal computers, Coleco Industries added $2 to $43½ on the disclosure that it has written orders amounting to 80 per cent of this year's planned production.

In motors, Chrysler was delayed at first after the news of a signed wage agreement with the auto union, and later added $⅜ to $29¾ after unconfirmed reports of the terms of the agreement reached the market.

Ford, $1¾ up at $62 and General Motors, $½ higher at $73⅛ were spurred on afresh by the latest sales figures from the industry.

Oil shares to add to recent gains included Exxon, $¾ up at $38¼ and Mobil, $½ higher at $33¾.

In chemicals Monsanto was unchanged at $111½, but Union Carbide added $1⅛ to $72 and Du Pont $1½ to $54⅛.

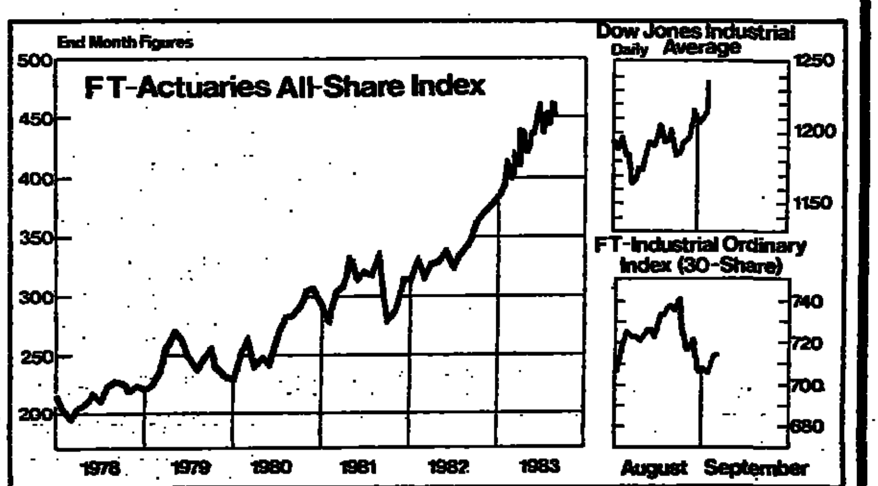
Railways also advanced strongly again, with Burlington Northern $4 up at $95 on the culmination of the purchase of the outstanding shares in El Paso.

Credit markets, although well pleased with the trends of money supply and quietly optimistic on the outlook for interest rates, continued to lack retail support. This week promises only a light calendar of new financing, the chief feature being the expected announcement today of plans to sell $8bn in two-year Treasury notes next week.

The Federal Funds rate slackened to 9⅛ per cent, and the short end of the market was very quiet. Three-month Treasury bills stood at a discount of 9.17 per cent and six-month bills at 9.41 per cent.

The key long bond, the 12 per cent of 2013 opened at 101 24/32 little changed from Friday's late quotations, and traded later at 101 5/32, yielding 11.83 per cent.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Sept 6	Previous	Year ago
DJ Industrials	1238.72	1215.45	925.13
DJ Transport	570.36	558.94	369.68
DJ Utilities	130.83	130.11	117.29
S&P Composite	167.89	165.00	122.68
LONDON			
FT Ind Ord	714.5	713.2	589.2
FT-A All-share	454.11	451.51	359.10
FT-A 500	491.80	489.35	396.06
FT-A Ind	441.88	440.24	364.56
FT Gold mines	685.5	682.3	372.8
FT Govt secs	79.71	79.63	78.83
TOKYO			
Nikkei-Dow	9255.11	9252.21	7219.38
Tokyo SE	682.44	682.9	536.90
AUSTRALIA			
All Ord.	725.4	723.1	494.5
Metals & Mins.	610.9	614.1	415.5
AUSTRIA			
Credit Aktien	55.29	55.18	48.58
BELGIUM			
Belgian SE	132.42	132.08	100.04
CANADA			
Toronto Composite	2553.7	2512.3	1650.7
Montreal Industrials	458.12	450.20	300.05
Combined	429.14	422.29	284.87
DENMARK			
Copenhagen SE	196.79	190.98	85.69
FRANCE			
CAC Gen	134.9	133.6	100.10
Ind. Tendance	144.0	143.1	115.1
WEST GERMANY			
FAZ-Aktien	313.75	312.75	221.62
Commerzbank	930.9	928.3	672.4
HONG KONG			
Hang Seng	921.33	928.14	1084.82
ITALY			
Banca Comm.	199.09	200.24	169.36
NETHERLANDS			
ANP-CBS Gen	139.8	138.6	87.6
ANP-CBS Ind	112.3	111.8	69.3
NORWAY			
Oslo SE	206.87	206.36	105.94
SINGAPORE			
Straits Times	972.48	969.39	663.64
SOUTH AFRICA			
Golds	969.5	965.9	615.6
Industrials	943.7	939.8	614.7
SPAIN			
Madrid SE	113.28	113.07	106.29
SWEDEN			
J & P	1528.60	1528.51	629.89
SWITZERLAND			
Swiss Bank Ind	338.0	336.9	245.2
WORLD	Sep 5	Prev	Yr ago
Capital Int'l	178.4	177.7	136.7

GOLD (per ounce)

	Sept 6	Prev
London	$417.625	$419.375
Frankfurt	$418.25	$419.00
Zürich	$418.50	$419.50
Paris (fixing)	$420.89	$419.66
New York (Sept)	$412.50	$416.90

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Sept 6	Previous	Sept 6	Previous
$	–	–	1.499	1.5
DM	2.6805	2.684	4.02	4.0275
Yen	245.75	246	368.75	369
FFr	8.0675	8.0775	12.09	12.11
SwFr	2.1775	2.177	3.265	3.265
Guilder	3	3.0010	4.50	4.505
Lira	1596.5	1600.25	2392.5	2400
BFr	53.79	53.99	80.65	81
C$	1.23075	1.23075	1.845	1.8455

INTEREST RATES

	Sept 6	Prev
Euro-currencies (three month offered rate)		
£	9⅝	9⅝
SwFr	4½	4 9/16
DM	5⅝	5 11/16
FFr	15	15½
FT London Interbank fixing (offered rate)		
3-month U.S.$	10 5/16	10 5/16
6-month U.S.$	10 7/16	10 7/16
U.S. Fed Funds	9½*	9½
U.S. 3-month CDs	9.70	9.8
U.S. 3-month T-bills	9.17	9.25

U.S BONDS

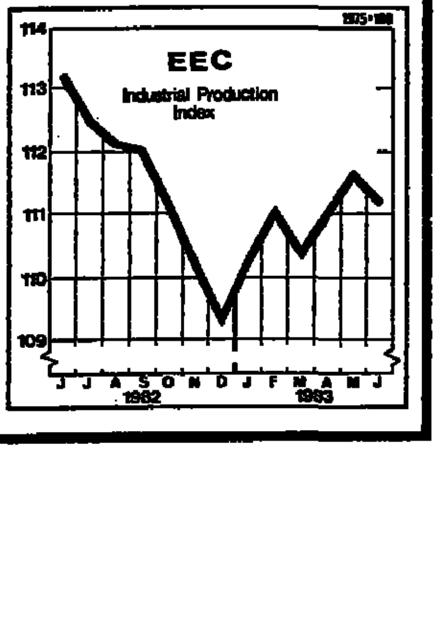
Treasury		Sept 6 Price	Sept 6 Yield	Prev Price	Prev Yield
10⅝	1985	100	10.58	99 19/32	10.98
10¾	1990	95 5/32	11.94	94 13/32	11.94
11⅞	1993	98 29/32	12.05	100 19/32	11.80
12	2013	101 5/32	11.83	101 13/32	11.81

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
September	70–23	71–04	70–20	69–24
U.S. Treasury Bills (IMM) $1m points of 100%				
December	90.31	90.40	90.29	90.13
Cert Deposit (IMM) $1m points of 100%				
September	90.29	90.30	90.23	90.07
LONDON				
Three-month Eurodollar $1m points of 100%				
September	90.00	90.04	90.00	90.04
20-year Notional Gilt £50,000 32nds of 100%				
September	102–05	102–05	101–30	101–28

COMMODITIES

(London)	Sept 6	Prev
Silver (spot fixing)	825.60p	822.10p
Copper (cash)	£1068.50	£1071.50
Coffee (Sept)	£1708.00	£1706.50
Oil (spot Arabian light)	$28.70	$28.75



LONDON

Equities in continued recovery

A MODEST extension of Monday's recovery was achieved yesterday in London in anticipation of Wall Street's response to last week's surprisingly favourable money-supply figures. The market, however, was reluctant to follow New York's early 15-point rise and the FT Industrial Ordinary index closed at 714.5, a gain of 1.3.

Most blue chip industrials hardened and market interest was maintained through a constant stream of company trading statements. Many groups reported excellent figures and made upward progress, but a few dropped by the wayside. The afternoon announcement of UK money growth of only ¼ per cent in banking August underpinned sentiment.

Gilt-edged stocks continued to edge forward, benefiting from transatlantic money-supply trends and lessening upward pressures on short-term interest rates. The UK Government's determination to cut public spending was another help, but the news failed to excite investors to any degree and conventional gilts could muster gains of only ¼.

Index-linked stocks, on the other hand, attracted renewed support on views that UK inflation would rise next year. The longest-dated issues rose ⅝, with Treasury 2½ per cent 2016 at 92⅝.

South African golds improved for the third successive trading day despite the uninspiring performance of the bullion price. *Details, Page 35; Share Information Service, 36–37*

AUSTRALIA

THE STRONG four-day advance in Sydney slowed yesterday and most share prices finished mixed after sustained heavy trading. The All Ordinaries index closed up 2.3 at 725.5.

While industrial stocks were stronger, there was widespread profit-taking in the resources sector. In **Melbourne**, BHP fell 5 cents to A$12.30 and Weeks Australia 3 cents to 85 cents. Ampol Exploration fell 15 cents to A$3.85 in Sydney.

Hawke's policies boost market towards new high. Page 22

SINGAPORE

SELECTIVE trading left prices higher in Singapore as bargain-hunters sought mainly plantation and cement shares. Some profit-taking pared the gains, however.

Action centred on speculative issues, although there was some buying interest in blue chips. The Straits Times industrial index closed 3.09 higher at 972.48.

HONG KONG

A BOUT of institutional buying helped prices to recover slightly in Hong Kong, but it was not strong enough to prevent stocks from finishing lower. The Hang Seng index, down by more than 15 points after the first hour, ended 6.81 off at 921.33.

The market remains fragile, perhaps in anticipation of the next round of talks on the colony's future which begin in Peking on September 22.

SOUTH AFRICA

GOLD SHARES closed firm in **Johannesburg** yesterday following demand from the U.S. after the Labour Day holiday.

Heavyweight Southvaal put on R1.50 to R80.50 while cheaper priced issues such as Zandpan gained 20 cents to R16.40. Mining financials and other minings generally followed the trend. Anglos and Impala Platinum each gained 20 cents to R24.20 and R15.90 respectively. De Beers added 5 cents to R10.95.

CANADA

METAL and mining issues made the strongest gains in **Toronto** yesterday. Golds, which had shown considerable lustre early in the session, closed generally off in a busy day of trading as the North American markets re-opened.

Papers shrugged off early weakness in **Montreal** to follow the significant advances recorded for industrials with banks and utilities close behind.

TOKYO

Further high survives profit-taking

ACTIVE BUYING centred on speculative and incentive-backed issues in Tokyo yesterday to take the Nikkei-Dow average to a record high in the morning, but the uptrend slackened later amid a surge in profit-taking, *writes Shigeo Nishiwaki of Jiji Press.*

The 225-issue indicator came close to the 9,300 level in the morning, but finished the day at another new high: 9,255.11, a rise of 2.90. Volume expanded notably to 405.81m shares from Monday's 275.18m.

Despite the yen's weakness against the U.S. dollar, speculative and incentive-backed stocks attracted interest on expectations of a rise on Wall Street on Tuesday because of the rapid decline in U.S. M-1 money supply, announced late on Friday.

Aoki Construction advanced Y52 to Y900 on reports that the company had discovered gold dust deposits in Brazil and that it might join a project to construct the second Panama Canal. The issue shed the gain later on profit-taking.

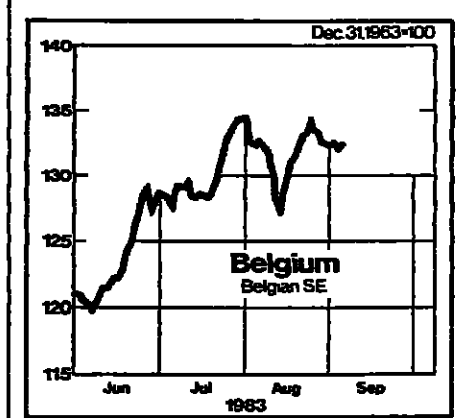
Morinaga Milk gained Y43 to Y505 on reports that the anti-cancer drug Maruyama Vaccine produced by its affiliate, had been rated high in the U.S. Other drug makers also became popular, with Sankyo climbing Y27 to Y794 and Yamanouchi Y50 to Y1,840.

Meanwhile, Arabian Oil, which scored a limit gain of Y1,000 on Monday, plunged Y400 to Y6,700. NEC shed Y20 to Y1,460 and Honda declined Y7 to Y855.

The combined margin buying balance on the Tokyo, Osaka and Nagoya exchanges at last Saturday, announced after the close of the market, increased by Y40.7bn over the preceding weekend to Y2,385.4bn, breaking the record for a second consecutive week. That generated concern restrictions on margin transactions. The margin selling balance amounced to Y276bn, up Y2.9bn.

Bond prices also held firm amid improvement in the bond market environment, although selling by business corporations, credit associations, and other small and medium-size financial institutions increased steadily. Bonds sold by them were purchased by securities houses.

Yield on 7.7 per cent government bonds, with a little over six years remaining to maturity, fell to 7.65 per cent from Monday's 7.67 per cent, while yield on newly issued 7.5 per cent government bonds, with nine and a half years remaining to maturity, was down from 8 per cent to 7.99 per cent.



EUROPE

Expectations bring boost to bourses

A DROP in the dollar and expectations that Wall Street would react favourably to the recent fall in U.S. M-1 money supply combined to produce favourable advances in the majority of European bourses.

Although some prices drifted lower in mid-session after a flurry of buying in **Frankfurt**, demand picked up again towards the close.

The Commerzbank index of 60 shares, calculated at mid-session, rose modestly by 2.6 to 930.9.

Utilities, resources and energy stocks improved and steel and machinery issues were generally up. Chemicals stayed in demand following the positive reception to BASF's rights issue. BASF finished up DM 1.70 at DM 154.20.

Banks were weaker, with Deutsche und Commerzbank dropping DM 1.50 each to DM 309.50 and DM 167.50, respectively, and Dresdner down DM 5.50 to DM 164.50.

Domestic bond prices were barely changed, lacking impulse from the U.S. because of Monday's holiday closure. Traders seemed to be waiting for a new set of German postal bonds as a possible indicator of market yields.

Volume picked up strongly in **Paris** after a quiet opening. Foods, oils and stores led the advance with Carrefour up FFr 25 to FFr 1,405 and Galeries Lafayette adding FFr 2.50 to FFr 158.50.

Motor vehicles, chemicals and construction sectors were weaker, while electricals closed mixed.

Other bright performers included Creusot-Loire, up FFr 4 to FFr 62, and Generale Occidental, adding FFr 19 to FFr 708, and L'Oreal up FFr 25 to FFr 1,830.

Internationals recorded gains in a quiet **Amsterdam** session. KLM rose Fl 3 to Fl 148 and Unilever put on Fl 1.90 to Fl 216.80. Akzo was ahead Fl 1.90 at Fl 76 and Philips put on Fl 1.30 to Fl 50.80.

Active trading took stocks higher in **Brussels** as dealers, who said they had expected the advance, predicted that it would continue for the rest of this week.

All sectors gained, except chemical stocks which were mixed. Increased interest in the Belgium market could be explained by the country's progress in improving its balance of payments.

Stocks which gained throughout the session included Société Générale, up BFr 25 to BFr 1,905, Clabecq BFr 30 to BFr 976 and Petrofina BFr 10 to BFr 6,000. Those that fell included Gevaert, off BFr 50 to BFr 2,325 and Kreditbank, down BFr 10 to BFr 6,400.

The firmer trend continued in **Zurich** with volume in special situation stocks considerably above recent levels.

Jacobs-Suchard advanced on further consideration of Friday's interim results to SwFr 5,900, up SwFr 75. Banks were little changed to slightly higher

Electricals led a light rally in **Madrid**, but most other shares ended unchanged to slightly higher.

Milan and **Stockholm** prices closed lower after dull sessions in thin trading. Late support by institutional investors in Milan reduced the extent of earlier losses, but failed to reverse the weaker trend.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17¾	6¼	AAR	.44	2.9	21	55	15¼	15	15¼	+ ⅛
37⅞	29½	ACF	1.40	3.9	42	645	35½	34¼	35½	+2½
20	14½	AMF	.50	3.1		870	16⅛	15⅞	16	+ ¼
38¼	13¾	AMR Cp			48	3457	32⅞	32¼	32¼	+ ¼
18⅜	14⅛	AMR	pf2.18	12.		41	18⅛	18¼	18¼	+ ⅛
39⅜	24⅞	AMR	pf2.13	6.0		80	35⅜	34⅞	35⅜	+ ¼
14⅞	2½	APL				152	14¼	13½	14	+ ⅛
55	31¼	ARA	2.05	4.1	12	347	49¾	48¾	49¾	+ ⅞
79⅞	42¾	ASA	3a	4.4		281	69⅝	68¼	68⅞	− ⅝
33¼	9¼	AVX	s .32	1.2	55	164	26⅞	26½	26¾	+ ⅛
50⅝	34¼	AbtLab	1	2.0	19	892	49⅞	48⅞	48⅞	+1⅛
30⅞	24	AccoW	n .50	1.9	20	83	25¾	25½	25¾	+ ½
27½	16⅞	AcmeC	.40	1.6		52	25	24¾	25	+ ¼
14⅞	6⅞	AcmeE	.32b	2.8	251	14	11⅝	11½	11⅝	− ⅛
21½	5¾	AdmDg	.04	.2	17	100	20¾	20¼	20⅜	+ ⅜
17⅞	14	AdaEx	1.73e	10.		48	17⅜	17	17⅜	+ ⅜
19¾	6⅞	AdmMl	.24	1.4	9	29	17⅛	16⅞	17	+ ⅛
38	12⅞	Advest	s.16	.6	9	101	25⅞	25⅝	25⅝	+ ¼
34⅞	8⅝	AMD	s		71	4176	33⅞	32½	32¾	− ¼
44⅛	32⅞	AetnLf	2.64	6.9	7	1438	38	37½	38	+1
65	52½	AetL	pf5.18e	9.0		9	57⅝	57½	57⅝	
40½	13½	Ahmns	.60	2.1	16	4303	28¾	28	28½	+1¼
7⅜	2⅝	Aileen				228	5½	5¼	5¼	− ¼
50⅞	36⅛	AirPrd	1	2.1	14	591	49½	48½	48¾	+ ⅛
27¼	12½	AirbFrt	.60	2.8	21	563	21½	21	21½	+ ⅜
3⅜	2	AlMoa	n		19	228	2⅝	2⅝	2⅝	
33½	28½	AlaP	pfA3.92	13		3	29¼	29¼	29¼	− ¼
7⅜	6⅛	AlaP	dpf.87	12.		16	7	6⅞	7	
74½	60½	AlaP	pf 9	13		z20	69½	69½	69½	+ ½
81½	62	AlaP	pf9.44	13.		z5200	71½	71½	71½	− ¼
70	55½	AlaP	pf8.28	13		z100	63	63	63	

Continued on Page 33

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 34

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 32

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 34

Sales figures are unofficial Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration

a–dividend also extra(s). b–annual rate of dividend plus stock dividend c–liquidating dividend. cld–called. d–new yearly low e–dividend declared or paid in preceding 12 months g–dividend in Canadian funds. subject to 15% non-residence tax i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears n–new issue in the past 52 weeks The high-low range begins with the start of trading nd–next day delivery P/E–price-earnings ratio r–dividend declared or paid in preceding 12 months. plus stock dividend. s–stock split. Dividends begins with date of split sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date u–new yearly high v–trading halted v–in bankruptcy or receivership or being reorganised under the Bankruptcy Act. or securities assumed by such companies. wd–when distributed. wi–when issued ww–with warrants x–ex-dividend or ex-rights xdis–ex-distribution xw–without warrants y–ex-dividend and sales in full yld–yield z–sales in full

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 33

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NEW YORK CLOSING PRICES

Continued from Page 33

[illegible]

CANADA

[illegible]

DENMARK

Sept. 6	Price Kr.	+ or —
Aarhus Olie	535	+67
Andelsbanken	293	+5
Baltica Skand.	553	+3
CopHandelsbank	276.4	+3.1
D. Sukkerfab	820	+34
Danske Bank	298.2	+4.2
East Asiatic	155	−0.6
Forende Brygg.	1,300	...
Forende Damp	220	−19
GNT Hldg	519.6	...
I.S.S.B.	700	−3
Jyske Bank	575	−1
Novo Ind	3,220	...
Privatbanken	293.2	+6.2
Provinsbanken	280.2	+5.2
Smidth (F)	261	+6
Sophus Berend	1,078	+5
Superfos	354.6	+5.6

FRANCE

Sept. 6	Price Frs.	+ or —
Emprunt 4½% 1973	2,103	−18
Emprunt 7% 1973	10,093	−52
CNE 3%	3,960	−20
Air Liquide	455	+8
BIC	601	+10
Bouygues	714	...
BSN Gervais	1,975	+2
CIT-Alcatel	1,264	+4
Carrefour	1,405	+25
Club Mediter'n	709	−4
CFAO	522	+3
Cie Bancaire	319	+1
Cofimeg	182.5	+5.9
Creusot Loire	62	+4
Darty	685	+19
Dumez	892	−18
Eaux (Cie Gen)	369.8	+0.3
Elf-Aquitaine	188	+3
Gen. Occidental	708	+19
Imetal	72	−1
Lafarge Coppee	286	+0.5
L'Oreal	1,830	+25
Legrand	1,875	−5
Maisons Phenix	414	−6
Matra	1,015	−11
Michelin B	794	+14
Midi (Cie)	996	−12
Moet-Hennessy	1,195	+5
Moulinex	78.7	−0.2
Nord Est	48.8	+0.8
Pernod Ricard	787	−3
Perrier	339.9	+2.9
Petroles (Frq.)	163	+2
Peugeot-SA	202.4	+0.4
Poclain	79.5	+0.8
Printemps Au	118.5	+2.5
Radiotech	416	+1
Redoute	1,052	−6
Roussel-Uclaf	419	−6
Schneider	116	+1.5
Sefimeg	245	+3
Skis Rossignol	966	...
Telemech Elect.	1,130	+5
Thompson (CSF)	187.5	+2.5
Valeo	295.5	−0.5

GERMANY

Sept. 6	Price Dm.	+ or —
AEG-Telef	77	...
Allianz Vers.	633	−3.1
BASF	154.2	+1.7
Bayer	154	+1.7
Bayer-Hypo	280	+1
Bayer-Verein	313	−1
BHF-Bank	284	−1
BMW	375	−0.5
Brown Boveri	201	−1
Commerzbank	167.5	−1.5
Conti Gummi	108.2	+1.7
Daimler-Benz	567.5	−0.5
Degussa	388	−3
Demag	151	...
D'sche Babcock	164.5	+2.7
Deutsche Bank	309.5	−1.5
Dresdner Bank	168.50	−1.50
GHH	139	−0.5
Hochtief	440	...
Hoechst	158	...
Hoesch	46.8	+0.1
Holzmann(P)	429	+5
Horten	162	...
Kali und Salz	219.5	+5
Karstadt	258	...
Kaufhof	249.5	−2.5
KHD	243	+1.5
Kloeckner	39.3	+0.7
Krupp	76	...
Linde	370	+0.1
Lufthansa	126	+1
MAN	129.4	+0.4
Mannesmann	136.7	+0.1
Mercedes Hld	486.2	−0.3
Metallgesell	210	+1
Mueuch Rueck	850	...
Preussag	288.5	+6
Rhein West Elect	167	+1
Rosenthal	307	...
Schering	337	−1
Siemens	338.3	+0.1
Thyssen	70.4	+0.2
Varta	162.8	−1.5
Veba	171.3	+2.6
V.E.W.	119.5	+1.2
Verein-West	310	...
Volkswagen	218	+2

ITALY

Sept. 6	Price Lire	+ or —
Banca Com'le	30,050	+50
Basto'i IRBS	230	−2
Centrale	2,030	−10
Credito Varesino	4,430	−70
Fiat	3,108	−32
Finsider	45	−2
Generale (Assic)	140,700	−800
Invest	2,701	+2
Italcementi	45,700	−550
Montedison	219.2	−4.8
Olivetti	3,499	+34
Pirelli Co.	2,850	...
Pirelli Spa.	1,730	−30
Snia Viscosa	1,200	−20
Toro Assic.	11,990	−60
do. Pref.	9,250	−45

NETHERLANDS

Sept 6	Price Fls.	+ or —
ACF Holding	164.9	+0.9
Ahold	167.5	+2
AKZO	76	+1.9
ABN	370	+1
AMEV	127.8	+0.8
AMRO	61.5	+0.8
Bredero Cert.	179.5	...
Boskalis Westm.	47.3	+0.2
Buhrmann Tet	47.3	..
Caland Hldgs	35.9	+0.6
Credit Lyyn'is Bk	49	−0.5
Elsevier NDU nv.	383	+7
Ennia	133	+6
Euro Com Tst	102	
Gist. Brocades	158.8	+3.8
Heineken	124.7	+0.5
Hoogovens	35.7	+0.3
Hunter Douglas	18.6	−0.4
Int Muller	27.2	−0.2
KLM	148	+3
Naarden	40.9	+0.3
Nat Ned Cert	153	+2.3
Ned Cred Bank	33	−0.3
Ned Mid Bank	146	+0.5
Nedlloyd	91.5	+2.4
Oce Grinten	207.5	+0.5
Ommeren (Van)	28.9	+0.4
Pakhoed	59.4	+1.1
Philips	50.8	+1.3
Rijn-Scheide	4.5	.....
Robeco	313.5	...
Rodamco	127	+0.1
Rolinco	307	+0.7
Rorento	190.6	+0.1
Royal Dutch	140.8	+0.9
Unilever	216.8	+1.9
VMF Stork	76	....
VNU	107.8	−0.4
West Utr Bank	109.5	+2

NORWAY

Sept. 6	Price Kroner	+ or —
Bergens Bank	113	−3.5
Borregaard	172.5	+2.5
Christiania Bk	120.5	..
Creditbank	125	−1
Elkem	107	+0.5
Norsk Data	277.5	+2.5
Norsk Hydro	552.5	−2.5
Storebrand	170	+1

SPAIN

Sept. 6	Price Peseta	+ or —
Bco Bilbao	218	.....
Bco Central	255	.....
Bco Exterior	202	.....
Bco Hispano	204	.....
Bco Santander	225	.....
Bco Vizcaya	290	.....
Dragados	116	.....
Hidrola	48	+0.5
Iberduero	40.7	+0.7
Petroleos	82.5	+2.5
Telefonica	84	+0.5

SWEDEN

Sept. 6	Price Kronor	+ or —
AGA	350	−20
Alfa-Laval	320	−2
ASEA (Free)	400	+5
Astra (Free)	760	−15
Atlas Copco	110	−2
Boliden	460	+4
Cardo	456	−4
Cellulosa (Free)	745	−1
Electrolux B	250	−6
Ericsson	416	+6
Esselte (Free)	335	.....
Fagersta	400	.....
Mooch Dom	365	−3
Pharmacia (Free)	463	+3
Saab-Skania	260	−7
Sandvik B (Free)	400	+56
Skandia	310	−14
Skan Enskilda	323	+1
SKF B	162	.....
St. Kopparberg	560	−15
Sven Handelsbn	185	−1
Swedish Match	246	−7
Volvo B (Free)	463	−7

SWITZERLAND

Sept. 6	Price Frs.	+ or —
Alusuisse	830	+10
Bank Leu	4,350	.....
Brown Boveri	1,250	+35
Ciba-Geigy	2,015	+5
do. (Part Certs)	1,630	.....
Credit Suisse	2,170	.....
Elektrowatt	2,900	+10
Fisher (Geo)	635	+6
Genevoise	3,500	+50
Hoff-RochePtCts	91,000	+250
Hoff-Roche 1/10	9,100	+25
Jacobs Suchard	5,900	+75
Jelmoli	1,745	−5
Landis & Gyr	1,310	+10
Nestle	4,025	+10
Oer-Buehrle	1,480	+5
Pirelli	255	+1
Sandoz(Br)	6,150	+50
Sandoz (PtCts)	1,060	+120
Schindler (PtCts)	435	+10
Swissair	852	−3
Swiss Bank	311	−1
Swiss Reinsce	6,800	−25
Swiss Volksbk	1,425	.....
Union Bank	3,235	+10
Winterthur	2,725	+35
Zurich Ins	16,300	.....

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK — DOW JONES

[illegible]

(**) Saturday Sept. 3: Japan Dow 9224.77, TSE 679.53. Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

هكذا وجد الأصل

LONDON STOCK EXCHANGE

MARKET REPORT

Trading volume remains low but markets able to extend Monday's recovery moves

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Aug 15	Sept 1	Sept 2	Sept 12
Sept 5	Sept 15	Sept 16	Sept 26
Sept 19	Sept 29	Sept 30	Oct 10

* "New-time" dealings may take place from 9.30 am two business days earlier

London stock markets yesterday managed a modest extension of Monday's recovery movement, anticipating that Wall Street would respond strongly to last week's surprisingly favourable money supply figures. Closed on Monday, the New York market yesterday quickly exceeded best expectations with an early rise of over 15 points but London was reluctant to follow in the late trade.

The continued low level of business remained a depressant with funds available for equity investment further depleted by sizeable business transacted late on Monday. Two broking houses then placed lines of BTR, Cable and Wireless, Racal Electronics and Ferranti with little difficulty at slightly below ruling market levels. Exco's call for a near-£50m rights issue added to current demands being made on available funds.

The virtual absence of sellers, however, enabled most blue chip industrials to harden further and interest was maintained by a constant stream of company trading sentiments. Many groups reported excellent figures and made upward progress, but a few dropped by the wayside. The afternoon announcement of UK money growth of only ½ per cent in banking August underpinned sentiment and the FT Industrial Ordinary share index gained 1.3 more to close at 714.5.

Gilt-edged stocks continued to edge forward, benefiting from transatlantic money supply trends and lessening upward pressures on short-term interest rates, but conventional Gilts could muster gains of only ¼. Index-linked stocks, on the other hand, attracted renewed support on thoughts of rising UK inflation next year. The longest-dated issues rose ⅜, with Treasury 2½ per cent 2016 at 92⅞.

Eagle Star feature

Speculative buying fuelled by rumours that Alliance Holdings may launch a full bid for the company saw Eagle Star equal its 1983 peak of 462p before closing a net 23 up at 460p; the latter's interim results are due on September 14. Phoenix hardened a couple of pence to 316p awaiting today's half-timer. Among Life Insurances, buying in front of tomorrow's interim results lifted Prudential 10 to 488p. Legal and General were also supported and gained the same amount to 500p. Among Lloyds brokers, Stewart Wrightson eased a couple of pence to 236p, the Board's cautious statement on prospects outweighing the increased half-year profits.

The Hire Purchase sector featured Provident Financial, which touched 157p before closing 4 up on balance at 152p following the good results.

Investment management consultants Ivory and Sime, which made a disappointing market debut on Monday, rallied 8 to 64p.

London Brick met demand again as rumours of a bid from Tarmac resurfaced and the close was 2 higher at 88p; Tarmac edged up a few pence to 414p. Buying ahead of the interim results, due next Tuesday, lifted Marchwiel 6 to 210p. Modern Engineers of Bristol firmed 3 to 28p on country buying. Thomas Warrington, a neglected market of late, improved 3 to 91p, while SGB hardened 4 to 140p. Wilson (Connolly) a rising market recently, encountered profit-taking after announcing much-as-expected interim profits and closed 6 down at 188p. Sharpe and Fisher's increased half-year profits were also in line with estimates and the shares eased 3 to 72p. Timber issues staged a moderate revival, Meyer International rising 5 to 140p and Magnet and Southerns 4 to 162p.

Turnover in ICI remained small and the price, after edging up to 546p on early Wall Street indications, closed just 4 up on balance at 544p. Among other Chemicals, Novo Industries B came in for further support and rose 9 points to a 1983 peak of £230.

Raybeck rally

Leading Stores remained out of favour but generally held the overnight levels. Raybeck, a neglected counter of late, responded to scattered support with sentiment aided by a Press mention; the close was 3 better at 34p. James Beattie A advanced 10 to 94p following the 54 per cent interim profits expansion, while Cantors revealed a substantial recovery in full year profit and dividend and the A shares improved 13 to 61p. Pawnbrokers Harvey and Thompson closed 4 better at 50p on the return to profits and the dividend list, while increased first-half earnings lifted Lambert and Howarth 5 to 150p. Normally a narrowly-traded stock, Executex Clothes attracted a brisk speculative business and spurted 8 to 24p, while buyers also returned for I. D. and S. Rivlin, 7 better at 75p.

BICC became a nervous market ahead of today's interim figures and closed 5 easier at 218p. GEC, in contrast, firmed 5 to 212p. Kode responded to the increased interim dividend and profits with a rise of 12 to 379p, while Security Centres rallied 13 to 263p after the previous day's reaction on adverse Press mention. Arlen were good at 185p, up 20, along with Telephone Rentals which gained 9 to 197p.

Tace encountered nervous selling pending the results of the Goring Kerr offer-for-sale and reacted to 138p before closing 8 off on balance at 142p. Disappointing interim results left IMI 4½ cheaper at 58½p, while Delta Group, half-year figures due today, eased 2½ to 51½p. Wadkin firmed 4 to 61½p in response to the recovery in half-year profits, while John Brown hardened a penny to 19p following the chairman's annual statement.

Interim trading statements prompted two contrasting features in the Food sector, Nurdin and Peacock falling 12 to 138p on disappointment with the announcement, but J. N. Nichols (Vimto) gaining 30 to a 1983 peak of 580p in response to the figures. Tate and Lyle firmed 4 to 366p; the shares are quoted ex the rights issue today. Revived demand in a thin market lifted Amos Hinton 12 to 247p.

Reckitt & Colman up

Movements in the miscellaneous industrial leaders rarely exceeded a few pence either way, but Reckitt and Colman featured with a rise of 12 to 457p on the increased interim profits. Pilkington Bros were also noteworthy, rallying 10 more to 240p. Elsewhere, Moben fell 8 to 32p on the profits warning which accompanied the interim figures, but speculative demand prompted a rise of 13 to 99p in J. H. Fenner. Computer shares took a turn for the better after recent dullness on the Dragon Data troubles, Fobel regaining 10 to 92p and Applied Computer 15 to 420p.

Reduced annual profits caused weakness in Ricardo Consulting Engineers, which fell to 545p before settling at 550p for a loss of 53 on balance. Satisfactory preliminary results left Datastream 8 to the good at 210p. London and Northern, reflecting Middle East contract worries, gave up 5 to 73p, but Bridon edged up 3 to 62p awaiting today's interim figures, while rises of 7 were recorded in United Guarantee, 48p, and TSL Thermal Syndicate, 65p.

Following a visit from leading analysts on Monday, Dowty were briskly-traded and rose 4 to 123p. Press comment helped Armstrong Equipment, up a couple of pence at 26p; the annual results are due later this month. Aerospace Engineering firmed 5 to 165p following the increased annual profits and dividend and 100 per cent scrip.

Revived prospects of substantial profits stemming from the much-rumoured flotation of Reuters prompted fresh support of selected Publishers. Associated Newspapers were outstanding and rose 23 to 408p, while Daily Mail "A" closed 20 higher at 755p. Fleet, due to announce annual results next Tuesday, rallied 6 to 128p. The preliminary profits recovery lifted News International special dividend shares 10 more to 305p. Elsewhere, second thoughts on the excellent first-half figures lifted British Printing and Communication 5 to 118p, making the contested offer for John Waddington worth around 307p per share. Waddington gained 5 more to 268p; the offer closes today.

Interest rate hopes and news that Land Securities had let 5,500 sq ft of office space in a Regent Street building stimulated Properties. Land Securities closed 8 dearer at the day's best of 313p, while MEPC gained the same amount to 213p. Haslemere Estates rose 10 to 396p and Stock Conversion 7 to 272p. Elsewhere, Mountleigh firmed 5 to 220p following the chairman's cheerful annual review, but Land Investors shed ½ to 39p on the lower preliminary profits. Press mention sparked interest in Regenterest, which firmed 2 to 23p, but profit-taking clipped a penny from Edenspring, 13¾p.

Exco International dipped to 505p before rallying to close only 10 cheaper on balance at 528p following the interim profits expansion and near-£50m rights issue, part of which will fund further purchases of shares in financial information service Telerate to bring Exco's holding to over 50 per cent. Elsewhere in Financials, Yelverton again responded to call option activity and advanced 7 to 88p.

Oils firm

Leading Oil shares enjoyed a relatively brisk and firm trading session, but the Irish speculative stocks were looking comparatively subdued after the recent good recovery movement. Shell advanced 8 more to 624p and BP closed 4 up at 430p, while Britoil gained a similar amount to 256p. Atlantic Resources gave up 10 to 385p and Aran 3 to 47p in the Irish stocks. Elsewhere, speculative demand left Cambridge Petroleum 25 higher at 295p and International Petroleum 16 to the good at 273p.

Bond Corp. advance

The recent heavy buying of Australians abated yesterday. Profit-taking, a relatively static performance by precious and base metal prices and a general lack of interest on the part of London operators combined to leave all the major sectors of Australians with small losses.

Bond Corporation moved against the general trend, however, gaining 10 for a two-day rise of 16 to a year's best of 85p on the oil/gas discovery off Barrow Island.

Leading Golds were highlighted by persistent demand for Gold Mines of Kalgoorlie, which jumped 20 to 760p, but Poseidon proved disappointing and closed unaltered at 395p despite the sharply increased profits and dividend. Speculative golds encountered profit-taking, with United Goldfields 4 cheaper at 54p.

The leading diversified mining groups attracted persistent small selling.

South African Golds improved for the third successive trading day despite the uninspiring performance of the bullion price which closed a net $1.75 easier at $417.625 an ounce.

Modest buying from the U.S. prompted good gains in Southvaal, ⅝ firmer at a year's high of £46⅝, and Western Deep, ¼ to the good at £41, while Winkelhaak continued to make progress and put on a like amount to a year's high of £34¼ ahead of the final dividend, due to be announced today.

Platinums responded to Johannesburg and American interest with gains of around 5 common to Impala, 925p and Rustenburg, 850p. South African Financials were highlighted by "Amgold," which moved up ¾ to a 1983 high of £85¼, still buoyed by last week's figures.

London Financials provided firm features in Gold Fields, a further 10 higher at 630p ahead of the full-year results expected next Tuesday.

Business in Traded Options improved sharply with 2,290 contracts struck, comprising 1,715 calls and 575 puts. GEC recorded 425 calls with the October 220's and January 240's accounting for 190 and 200 respectively. Interest was also apparent for Shell Transport positions which attracted 294 calls with the October 600's rising 10 to 38p. Call activity was dominated by Racal with 210 trades.

FT-Actuaries

Technical problems which prevented publication of the FT-Actuaries Fixed Interest indices and yields during June, July and August have been solved.

A limited supply of the figures covering the period is available to readers.

Please send a stamped addressed envelope to the Prices Room, The Financial Times, Bracken House, Cannon Street, London EC4.

FINANCIAL TIMES STOCK INDICES

	Sept. 6	Sept. 5	Sept. 2	Sept. 1	Aug. 31	Aug. 30	year ago
Government Secs.	79.71	79.63	79.45	79.51	79.23	79.41	78.83
Fixed Interest	82.24	82.16	82.27	82.19	82.28	82.40	79.03
Industrial Ord.	714.5	713.2	705.8	708.6	707.4	716.3	589.2
Gold Mines	685.5	682.3	679.8	672.5	678.9	685.8	372.8
Ord. Div. Yield	4.74	4.74	4.78	4.73	4.76	4.70	4.99
Earnings, Yld.% (full)	9.55	9.56	9.65	9.59	9.62	9.52	10.76
P/E Ratio (net) (*)	13.04	13.02	12.88	12.99	12.94	13.08	11.22
Total bargains	17,815	20,003	20,646	20,546	17,157	17,067	20,907
Equity turnover £m.	—	143.82	209.45	176.36	163.54	135.32	200.82
Equity bargains	—	16,851	19,890	17,163	16,797	15,706	17,835
Shares traded (ml)	—	104.9	148.5	131.2	115.3	96.1	129.3

10 am 714.1. 11 am 714.5. Noon 714.7. 1 pm 714.7. 2 pm 714.2. 3 pm 714.2.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil=12.32.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.60 (15/6)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	84.74 (15/6)	79.05 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	740.4 (22/8)	598.4 (12/1)	740.4 (22/8/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	531.5 (29/3)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 6	Sept. 2
Daily Gilt Edged & Bargains	139.6	113.8
Equities Bargains	109.2	128.9
Value	290.7	423.3
5-day Avrge Gilt-Edged Bargains	127.5	123.4
Equities Bargains	112.0	109.1
Value	334.9	337.0

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (69)

BANKS (3): ANZ; Gerrard & Natl.; Nat. Com. Bk. Aust.
BREWERS (1): Clark (Matthew)
CHEMICALS (1): Novo Inds. A/S B
STORES (3): Church; Milletts Leisure; Preedy (Alfred)
ELECTRICALS (4): C.A.S.E.; Kode International; Microfilm Repros.; Thorn EMI 7pc Cnv. Pf. 1992-99
ENGINEERING (1): Smith Whitworth
FOODS (4): Hazlewood; Nichols (J.N.) Vimto; Paterson Jenks; Tesco
HOTELS (1): Garfunkels Restrnts.
INDUSTRIALS (13): Canning (W.); Consultants (Comp. & Fin.); Cope Allman; Elson & Robbins; Gripperrods; Hartons; Highgate Optical; Intereurope Tech.; Marling Inds.; Midland Marts; Rexmore; Simpson (S.) A; Utd. Guarantee
LEISURE (2): LWT A; Owners Abroad
MOTORS (1): Armstrong Equip.
NEWSPAPERS (4): Assoc. Book Pubs.; Fleet Hldgs.; Int. Thomson; News Int. Spec. Div.
PAPER (5): Bemrose; British Printing; Bunzl; Delyn Packaging; Smurfit (Jefferson)
SHOES (1): Lambert Howarth
TEXTILES (2): Montfort; Smallshaw (R.)
TRUSTS (10): Ch. Islands Cap.; City & Comm. Cap.; Drayton Cons.; G.T. Japan; Hambros Inv.; Japan Assets; Marine Adventure; TR Australia; M. & G. Group; Yelverton
OILS (6): Britoil; Burmah Oil; Cambridge Pet.; Cluff Oil; Internatl. Pet.; Woodside Pet.
OVERSEAS TRADERS (1): Finlay (J.)
MINES (6): Winkelhaak; Southvaal; Ang. Am. Gold; Bond Corp.; Cultus Pacific; Tara Explrtn.

NEW LOWS (24)

BANKS (1): Grindlays
BREWERS (2): Boddingtons; Morland
BUILDINGS (4): BPB Inds.; Comben Group; Johnstone's Paints; Wiggins Group
CHEMICALS (1): Wolstenholme Rink
ELECTRICALS (6): Black (M.); CPU Computers; Eurotherm Int'l; Immed. Bus. Systems; Pifco; Do. A
ENGINEERING (2): Acrow; Woodhouse & Rixson
FOODS (1): Cadbury Schweppes
INDUSTRIALS (5): Blundell-Permoglaze; MacLellan (P. & W.); Moben Group; Ricardo Cons. Eng.; Stocklake
PROPERTY (1): Whittington Intl.
TEXTILES (1): Miller (F.)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	82	—	18
Corpns. Dom. & Foreign Bonds	8	4	64
Industrials	328	198	844
Financial & Props.	163	46	308
Oils	30	14	68
Plantations	4	3	14
Mines	44	30	89
Others	22	9	157
Totals	681	304	1,562

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Assoc. News	408	+23
Burmah Oil	185	+3
Dowty Grp.	123	+4
Eagle Star	460	+23
Exco Int'l.	528	−10
Fleet Hldgs.	128	+6
Land Secs.	313	+8
London Brick	88	+2
Nurdin & Peacock	138	−12
Prudential	488	+10
Reckitt & Colman	457	+12
Tate & Lyle	366	+4

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
§115	F.P.	14/9	152	130	✠Aaronite Group	140	.....	bd2.5	2.8	2.6	25.
§80	F.P.	4/8	127	93	✠Biomechanics 1'U0p	95	+2	—	—	—	—
¶200	F.P.	26/8	250	200	DPCE Hldgs 5p	258	−2	b2.0	6.6	1.2	31.2
**	F.P.	—	325	160	Dollonds Photo 12½p	260	−10	—	—	—	—
§100	F.P.	5/8	120	110	✠Gee (C.) 10p	118	−1	u2.1	2.5	2.5	22.4
¶190	F.P.	12/8	204	180	Gent (S.R.) 10p	184	.....	b5.0	3.1	2.3	15.3
§17½	F.P.	12/8	24	20	✠GilbertH'useInvs10p	21	.....	—	—	—	—
375	F.P.	5/8	372	332	Henderson Admin.	332	−3	u6.0	2.9	2.6	18.9
¶135	F.P.	—	158	154	Int. Signal & Control A	158	.....	u02c	4.0	0.9	28.3
**	F.P.	—	64	56	Ivory & Sime 0.1p	64	+8	u0.25	11.8	0.6	19.0
§190	F.P.	15/8	235	185	✠Invent Energy	237	.....	—	—	—	—
§115	F.P.	5/8	123	106	✠KLP Group 5p	116	....	g1.6	2.7	2.0	25.6
=	F.P.	5/9	31	26	✠Metal Sciences 2½p	29	...	—	—	—	—
95	F.P.	12/8	94	88	Park Food 10p	88	−2	u3.0	2.0	4.9	14.9
§210	F.P.	9/8	214	185	Pool Hldgs	196	.....	bd7.35	1.2	5.3	20.6
**	F.P.	—	34	32	P'sonal AssetsTst 12½p	33	.....	—	—	—	—
§111	F.P.	26/8	264	165	✠P'lyt'chnicM'rine5p	254	.....	ud2.0	1.9	1.1	—
§25	F.P.	9/9	30	26	✠Promotions H'se 5p	29	+1	b0.7	1.0	3.5	22.7
§205	F.P.	4/8	254	195	✠Rayford Supreme	242	+2	b4.9	7.0	2.9	12.4
§148	F.P.	—	190	168	✠Real Time C'trol 5p	180	+2	u2.0	3.0	1.6	30.3
85	F.P.	16/9	120	97	✠SCUSA Inc. $0.01	104	−1	b0.05c	4.4	1.0	25.6
§85	F.P.	19/8	93	89	✠Sthn. Bus. Leas.10p	87	.....	bg1.75	3.2	2.9	12.1
10	F.P.	24/6	18½	14	✠Sunleigh Elect. 10p	16	+½	g0.35	1.8	3.1	25.7
100	F.P.	2/9	85	78	✠Tech. for Bus. 10p	80	+1	b4.2	6.0	7.5	11.1
83	F.P.	15/9	90	86	✠Thermal Scientific	88	.....	b2.3	2.8	3.7	13.8
¶	F.P.	23/9	18	16	Yorks&Lancs Inv. W's	16	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −
92.98	£25	29/11	25½	22	Allied-Lyons 11¾% Deb 2009	24¼	....
¶¶	F.P.	—	129	107	Atlantic Met'n (UK) 12% UL 91/97	107	....
—	£20	28/10	23¾	18	Bristol 11½% Red. 2008	19½	+¼
96.95	£25	21/10	25	22½	C.C.C. Economic 12¼% Gtd. Ln. 2013	24¼	....
99.75	£30	—	32½	30¼	Cigna Overseas Finance 15% Ln. 2008	32½	....
100p	F.P.	9/9	103p	101p	✠FKI 7% Red Cnv Pref	103p	....
‖	Nil	—	3½pm	1pm	Fleming Am. Inv Tst 7% Cnv Uns Ln 99	1pm	−½
**	F.P.	—	103p	101p	Fuller, Smith & Turner 8% 2nd Cm. Prf	103p	+1
¶100p	25p	9/12	31½p	25p	LASMO 9⅝% Cum Red Pref	30½p	+¼
—	—	—	100	99½	Nationwide 10⅞% Bds 9/7/84	99½	....
—	—	—	100⅛	99¾	Do 10⅞% Bds 30/7/84	99⅞	....
—	—	—	100¼	100⅛	Do 11¼% Bds 20/8/84	100⅛	.....
100	—	—	100⅛	99⅞	Do 11% Bds 3/9/84	100⅛	....
§100	F.P.	—	98	92	Oldham 11¼% Red 2010	94½	+1
§98.573	£25	31/8	98	93½	Trafford Park Est. 11¾% 2007/11	95½	.....
97.941	£25	14/10	25½	23¼	Transport Dev 12½% Uns Ln 2008	25¼	....
99.898	£25	20/9	29¾	24½	Watn'yM'nn&Trum'n12½% Red.Deb.2008	26½	....
103.5	—	—	102p	99½p	Weir 10% Red Cum Pref	101p	....
99.124	£25	25/10	25½	23¾	Westland 12⅝% Deb 2008	25¼	−½
¶¶	F.P.	23/9	103½	100	Yorks & Lancs Inv 13½% Deb 2003	103½	....

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1983 High	1983 Low	Stock	Closing price	+ or −
63	F.P.	1/8	16/9	115	84	Brengreen 10p	105	+2
48	Nil	—	—	¾pm	½pm	Cambrian & Gen. Sec.	½pm	.....
65	Nil	—	—	3pm	1½pm	" " Cap. 7½p	1½pm	.....
48	Nil	—	—	7pm	2½pm	Chamberlain Phipps 10p	2½pm	.....
25	F.P.	—	14/9	30½	29	Crowther (J.)	30	.....
10	F.P.	—	9/9	13	11	First Charlotte AssetsTst 5p	11	.....
34	Nil	—	16/9	38	33	✠First Talisman Inv. 20p	34	.....
78	F.P.	8/8	16/9	128	112	Fleet Holdings 20p	128	+7
82	Nil	—	—	7pm	6pm	✠Floyd Oil 10p	7pm	.....
40	Nil	—	14/10	60	51	Group Lotus Car 10p	55pm	.....
R3.80	Nil	—	—	5pm	3pm	Imperial Cold Storage 25c	3pm	.....
50	Nil	—	—	38pm	32pm	::Marinex Pet. 10p	32pm	.....
350	F.P.	—	28/9	455	425	Midland Bank £1	430	+2
80	Nil	—	—	5pm	1½pm	Nesco Invs.	3pm	.....
20p	Nil	—	—	7pm	4pm	Parkdale 10p	7pm	+1
10	Nil	—	—	2½pm	1¼pm	✠Sheraton Secs. 10p	1¾pm	+¼
95	F.P.	—	14/10	142	126	Steinberg 10p	141	.....
175	F.P.	—	30/9	240	215	Unitech 10p	214	+1
100	Nil	—	16/9	125pm	102pm	United Parcels 10p	118pm	.....
180	Nil	—	—	53pm	50pm	✠Webber Electro 12½p	53pm	+3
$US1.72	Nil	—	—	75pm	65pm	Weeks (B'muda) 10cts.	75pm	.....
$US1.72	Nil	—	—	90pm	80pm	Do. (Prefd.)Aust. 10cts	90pm	.....

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. Φ Figures or report awaited. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Re-introduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✠ With warrants. † Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3).

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 22	Sept 9	Nov 24	Dec 5
Sept 12	Sept 23	Dec 8	Dec 19
Sept 26	Oct 7	Dec 22	Jan 3

For rate indications see end of Share Information Service

Option business declined sharply and calls were arranged in Selincourt, Inter-City, First National Finance, British Tar Products, Ctewart Nairn, Highland Electronics, Midland Bank, Yelverton, Premier Oil, Lake and Elliott and Edenspring. No puts were reported, but doubles were done in Mettoy, Barrie Investment and Finance and Midland Bank.

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Thorn EMI	16	615	+15
Selincourt	15	17½	+1½
A.B. Electronic	14	770	−30
Hanson Trust	14	218	+4
Ivory & Sime	14	56	
Tricentrol	14	232	+16
Edenspring Invs	13	14¼	+1¾
Kraft Prods.	13	215	−35
Cns. Gld Flds	12	620	+20
Exco Int'l.	12	538	+25
Hoover "A"	12	220	+10
Racal Elec.	12	216xc	−6
Inter-City Inv.	11	93	
Mettoy	11	13	+5

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$425	5	14.90	16	30	—	—	$418.70
GOLD C	$450	30	6	9	17	9	24	"
GOLD C	$475	14	3.60 A	—	—	—	—	"
GOLD C	$500	1	2.20	—	—	—	—	"
GOLD P	$400	45	4.50	—	—	—	—	"
GOLD P	$485	5	14	—	—	—	—	"

[illegible]

TOTAL VOLUME IN CONTRACTS: 10,530

A=Asked B=Bid C=Call P=Put

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues Sept 6 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Sept 5 Index No.	Fri Sept 2 Index No.	Thur Sept 1 Index No.	Wed Aug 31 Index No.	Year ago (approx.) Index No.
1–49	[illegible]										
51	Oils (15)	[illegible]	+1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	491.80	+0.5	9.75	4.48	12.74	489.35	486.54	489.89	487.58	396.66
61	FINANCIAL GROUP (123)	333.77	+1.0	—	5.71	—	330.62	330.18	330.92	330.98	255.36
62	Banks (6)	347.06	+0.8	24.63	7.34	4.43	344.17	348.54	349.75	347.42	258.52
63	Discount Houses (8)	297.42	+0.3	—	9.10	—	296.50	296.50	297.44	296.97	203.54
65	Insurance (Life) (9)	489.04	+1.3	—	4.49	—	482.71	477.65	477.70	475.92	292.67
66	Insurance (Composite) (10)	225.26	+1.0	—	6.73	—	222.96	222.45	223.15	225.82	166.69
67	Insurance Brokers (7)	560.91	+0.1	11.82	5.32	11.70	560.28	547.94	558.19	550.54	517.16
68	Merchant Banks (13)	285.21	−0.1	—	4.44	—	285.43	285.54	287.61	290.23	145.74
69	Property (53)	461.01	+1.8	6.12	4.05	21.95	452.97	450.00	450.19	449.31	432.12
70	Other Financial (17)	238.73	−0.5	11.31	5.59	10.65	239.81	239.98	239.90	240.28	169.44
71	Investment Trusts (108)	443.30	+0.4	—	3.99	—	441.52	441.59	443.82	443.31	317.46
81	Mining Finance (4)	327.91	+0.8	5.69	4.45	22.55	325.46	318.44	321.87	321.57	232.94
91	Overseas Traders (15)	494.61	+0.8	7.28	7.56	21.04	490.68	489.63	489.60	492.08	377.97
99	ALL-SHARE INDEX (750)	454.11	+0.6	—	4.60	—	451.51	449.23	451.35	450.36	359.18

FIXED INTEREST

	PRICE INDICES	Tues Sept 6	Day's change %	Mon Sept 5	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	115.99	+0.12	115.86	—	7.65
2	5-15 years	126.78	+0.12	126.63	—	9.34
3	Over 15 years	135.32	+0.17	135.09	—	10.29
4	Irredeemables	146.39	—	146.39	—	8.90
5	All Stocks	125.95	+0.13	125.78	—	9.02
6	Debentures and Loans	102.39	+0.31	102.07	—	7.41
7	Preference	76.33	+0.01	76.32	—	5.81

	AVERAGE GROSS REDEMPTION YIELDS		Tues Sept 6	Mon Sept 5	Year ago (approx)
	British Government				
1	Low Coupons	5 years	10.15	10.15	8.98
2		15 years	10.57	10.59	10.54
3		25 years	10.19	10.21	10.74
4	Medium Coupons	5 years	11.81	11.82	11.21
5		15 years	11.29	11.31	11.58
6		25 years	10.67	10.67	11.02
7	High Coupons	5 years	11.86	11.89	11.34
8		15 years	11.49	11.51	11.71
9		25 years	10.73	10.75	11.20
10	Irredeemables†		10.11	10.10	10.70
11	Debs & Loans	5 years	12.18	12.21	12.56
12		15 years	12.37	12.43	12.57
13		25 years	12.38	12.44	12.57
14	Preference†		12.95	12.95	13.62

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.
CONSTITUENT CHANGES: Huntleigh Group (10) and Broadstone Investment Trusts (71) have been deleted and replaced by Oceonics Group (4) and London Investment Trust (70).

LONDON TRADED OPTIONS

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Barclays Bank (*464)						
460	25	42	52	18	22	32
500	10	25	34	40	45	55
550	3	10	18	90	92	97
Imperial Group (*115)						
110	8½	13	16	4	6	8
120	3½	8	10	11	14	16
130	1½	3½	—	19	21	—

[illegible]

Sept. 6 Total Contracts 2,290 Calls 1,715 Puts 575
* Underlying security price.

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
102⅛	100⅝	Exch. 13½pc '83	100⅝	......	13.42	9.75
100⅛	98⅛	Exch. 10pc 1983	100⅛	+1/16	9.99	9.23
98⅜	96¼	Funding 5½pc '82-84‡‡	98⅜	......	5.57	8.80
101¼	99½	Exch. 11¼pc 1984	100⅜	+1/16	11.17	9.52
104⅛	102⅛	Exchequer 14pc. 1984	102⅜	+1/16	13.68	10.35
95⅜	92½	Exch. 3pc 1984	94⅞	+⅛	3.16	9.89
102⅜	100⅜	Treasury 12pc 1984	101⅜xd	+⅛	11.83	10.54
107⅜	104⅜	Treasury 15pc 1985	105⅝	+⅛	14.23	10.40
107	101⅛	Exch. 12pc Cnv. '85	101⅜xd	+⅛	11.79	10.73
91⅝	88⅝	Treasury 3pc 1985	91¼	+⅛	3.29	8.60
102⅛	99⅝	Treasury 11½pc 1985	100¾	+⅛	11.41	10.98
102	95	Treas 8¾pcCnv '85	97¼	+⅛	9.00	10.30
103⅝	100¼	Exch. 12¼pc 1985	101⅜	+⅛	12.03	11.23
102⅛	99⅜	Exch. 11¾pc '86	100⅜	+⅛	11.66	11.33
40⅝	40	Tr. 10pc Cnv'86 (£40pd).	40⅜	+⅛	10.21	10.93
88½	85⅝	Treasury 3pc 1986	86⅝	+⅛	3.46	8.59

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
77½	71¾	Agric. Mt. 5pc '59-89	73xd	......	6.93	11.69
35½	31¼	Met. Wtr. 3pc 'B'	34	+¼	8.82	11.60

Financial

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
102½	101	Inv in Ind 14pc 1983	101	−⅛	13.86	10.26
96	92	Do 6¼pcDb '81-84	95½xd	......	6.54	10.10
106½	96¼	Do. 10¾pc Uns.Ln. '86	98	......	10.94	12.50
104	96½	Do. 11pc Uns.Ln. '88	97½	......	11.53	12.40
104½	97½	Do. 11¾pc Uns.Ln. '90	100½	......	11.94	12.10
106½	91½	Do. 12½pc Un. Ln. 1992	100½xd	......	12.44	12.40
78¼	74½	Do. 7¼pc A Deb '89-92	76½	......	9.75	11.98
77½	70½	Do. 7¼pcADeb. '91-94	73xd	......	9.93	11.65
87⅛	80½	Do. 9pc 'A' '91-94	82xd	......	10.98	12.00
86	72⅜	Do. 8¾pcLn. '92-97	82	......	10.96	11.55

Building Societies

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100⅜	99¼	N'wide 11¼pc 3.10.83	100	......	11.38	10.56
99¾	98	Do. 9⅞pc 31.10.83	99¼	......	9.96	10.76
99¾	98	Do. 9⅞pc 28.11.83	99¼xd	......	9.90	10.39
100½	99⅝	Do. 11¼pc 19.12.83	100⅛xd	......	11.24	10.62
100⅞	99	Do. 11⅞pc 23.1.84	100½	......	11.82	10.48
100⅞	100	Do. 11⅞pc 13.2.84	100½	......	11.82	10.75
100⅝	99	Do. 11¼pc 19.3.84	100⅝xd	......	11.18	10.30
100⅜	99⅞	Do. 11¼pc 9.4.84	100½xd	......	11.19	10.42
100¼	99½	Do 10⅞% 30/4/84	99⅞	......	10.76	11.65
100⅜	99⅝	Do 10⅞% 29/5/84	99⅝	......	10.92	11.36
100⅜	99½	Do. 10⅞pc 18.6.84	99½	......	10.93	11.28

FOREIGN BONDS & RAILS

1983 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
13	8	Chinese 4½pc 1898	13	......	—	—
11	10	Do. 5pc 1912	10	......	—	—
11	8	Do. 5pc 1913	8½	......	—	—
8	5½	Do. 5pc '25 Boxer	7½	......	—	—
47	40	Greek 7pc Ass.	46xd	......	3½	17.43
45	41	Do. 6pc 28 Stb. Ass.	44	......	3	16.87

AMERICANS

CANADIANS

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DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
205	158	[illegible] Sm 20p	205	+5	4.2	2.2	3.0	22.3
208	165	Jacksons Bourne	195		5.0	◆	3.7	◆
39½	19	James Inds. 10p	34	+1	1.25	1.5	5.3	18.6
160	99	♥Jardine M HK$5	109	+3	Q80c	2.1	7.1	17.3
46	18	Jenks & Cattell	46		1.06	0.5	3.3	(81)
348	282	Johnson Clnrs.	302xd	−1	†10.8	2.8	5.1	8.5
340	265	Johnson Mthy. £1	275	−3	10.0	2.0	5.2	(11.5)
385	228	Johnston Grp. 10p	375		6.0	5.0	2.3	12.6
102	87	Jourdan (T.) 10p	92		5.6	1.2	8.7	12.7
64	39	Kalamazoo 10p	58		2.5	0.9	6.2	26.0
60	35	♦Kean & Scott Hldgs	49xd		M1.0	—	2.1	—
23	9¼	Keep Trust 5p	13¼	+¼	0.15	—	0.2	—
210	140	Kelsey Inds.	183		8.0	1.7	6.2	12.6
155	110	Kershaw (A.) 5p	145		‡15.0	0.6	‡	(21.2)
62	39	Kleen-E-Ze Hldgs.	62		3.0	◆	6.9	◆
•96	52	L.C.P. Hlds	98		3.6	1.2	5.7	(28.1)
32	14	LDH Group	27		—	—	—	—
145	103	L.R.C. Int. 10p	126	+4	3.25	2.3	3.7	14.9
32	17	Lamont Hldgs. 10p	27	−1	1.3	1.8	6.9	10.6
40	26	Lawtex	36		—	—	—	—
460	345	Lep Group 10p	460		17.5	0.3	5.4	63.8
36	22	Lilleshall 10p	36		d1.0	—	4.0	—
350	61	Lon. & Liv. 10p	70		h2.75	3.5	5.6	6.3
140	102	London & Midl'd	128		7.75	◆	8.6	◆
•110½	38	Lon. & Nthn. Grp.	73	−5	F4.2	◆	8.2	10.3

LEISURE

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
78	69	A-R TV Pref £1	73½		5.95	17.8	25.4	—
103	85	♦Adam Leisure 10p	88	+3	bd2.0	2.9	2.4	17.9
141	114	Anglia TV 'A'	138		6.5	2.7	6.7	7.0
110	85	Assoc. Leisure 5p	107		h4.13	2.1	5.5	15.1
128	72	Barr & W A T 'A'	122		5.0	1.3	5.9	(17.0)
100	40	Black & Edgtn.	89		◆	—	—	23.6
178	118	Boosey & Hawkes	166		2.3	1.5	2.0	(40.8)
61	40	Campari Int. 20p	58		d2.73	1.2	6.7	(15.7)
36	23	Fairline Boats 10p	36		†d1.0	—	4.0	—
31	14½	GRA Group 5p	31	+2	—	—	—	39.8
58	45	Grampian TV'A' 10p	57		3.6	2.9	9.4	4.4
163	136	HTV Non/Vtg.	162		11.0	2.0	9.7	7.2
222	125	Horizon	145xd		†3.6	5.7	3.5	6.3
162	91	Intasun 10p	146	−1	4.0	4.5	3.9	6.6
60	29	♦Intervision Video 10p	29		1.0	2.1	3.6	14.8
370	258	Juliana's Hldgs 2p	352		b4.9	2.4	2.0	25.6
174	139	LWT "A"	174	+1	11.08	1.1	9.1	14.0
•147	67	Leisuretime Int 10p	70		g1.54	◆	3.2	◆
328	108	Magnt. Ag. H. 10p	117		8.75	1.6	10.7	8.5
60	52	Medminster 10p	53		†4.0	0.8	10.8	16.7
170	110	♦Mics World Gro 10p	155xd		b3.0	2.5	2.6	22.5
23	17½	♦Nationwide 5p	21½	−½	—	—	—	—
128	53	♦Nimslo Int 20c	78	+2	—	—	—	—
128	45½	Norton Opax 10p	128		†2.17	4.3	2.6	8.6
30	22½	♦Owners Abroad	30	+1	0.5	4.5	2.4	13.4

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Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

INSURANCES

MINES—continued

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Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

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Authorised Units—continued

Equity & Law Un Tst Mngs (a) (b) (c)
Amersham Rd. High Wycome. 0494 33377
Euro Tst Acc 58.6 63.0 +0.4 1.52

Robert Fleming & Co Ltd
8 Crosby Square. EC3A 6AN. 01-638 5858
AmExFd* £269.34 275.29 .... 0.63
JapExFd* £155.42 160.48 .... 1.15
Next subscription day Sept 16 1983.
*Fleming American Property Unit Trust.
Latest issue price (18.8) US$10.567.
Units are issued on Feb 15, May, Aug, Nov.
*Fleming Property Unit Trust.
Latest issue price (24.6) £2.067.
Units are issued on March 25, June 24, Sept 29 & Dec 25.
*Unauthorised.

Guardian Royal Ex Unit Mgrs Ltd (a)
Royal Exchange EC3V 3LS. 01-638 2020
(b)GREGtFi 109.2 113.5xd +0.2 10.23
(g)GRENAmT 94.5 101.5 +0.2 2.46
(g)GREPacT 103.4 111.2 +0.8 1.12
(b)PrptyStT 96.3 103.6 +2.0 2.11
(b)GREGthEq 97.9 105.3 +1.2 2.55
GRESmiC 109.2 117.5 −0.6 1.33
G'hillTst 183.2 189.8xd +1.4 3.37

H.B.L. Unit Trust Mngrs Ltd (a) (c) (g)
Premier NT Admin., 5, Rayleigh Rd, Hutton, Brentwood, Essex. 0227-227300
Smllr Cos Tst 50.8 53.5 +0.4 3.04
N Amer Tst 47.7 50.2 .... 2.49
JapnFarETst 51.8 54.5 −0.1 1.38

Hexagon Services Ltd
4 Gt St Helens, London EC4P 3EP. 0708 45322
AustFrsGw 110.5 118.4 −0.5 1.61
BrewinsCap 82.9 87.3 .... 0.57
BrewinGtInc 76.3 80.4 .... 3.91
CanGwthFd 102.5 110.3 .... 1.02

Lawson Fund Managers Ltd (a) (c) (g)
43 Charlotte Sq. Edinbgh 2. 031-225 6001
Penny Sh Fd — 15.0 .... 1.8
Aust & Pac 9.7 10.3 .... 0.58
High Yield 19.5 21.2xd 10.40
Do Accum 20.6 22.3xd 10.40

MGM Unit Managers Ltd
MGM House, Heene Road, Worthing. 01-623 8211
High Inc 129.4 139.1 +0.7 6.10
(Accum Uts) 131.2 141.1 +0.8 6.10
UK Growth 125.6 135.0 +0.5 3.21
(Accum Uts) 125.8 135.3 +0.5 3.21

MLA Unit Trust Management Ltd
Old Queen Street, SW1A 9JG. 01-222 8576
MLA Uts 184.1 193.2 +1.9 2.77
MLA Int 29.2 30.6 +0.4 0.82

The Money Market Trust
63 On Victoria St EC4N 4ST. 01-236 0952
Call Fund — — 9.11
7 Day Fund — — 9.27
†Unauthorised—Sterling Deposit Fund.

Offshore and Overseas—continued

Actibonds Investment Fund SA
37 rue Notre Dam, Luxembrg. Tel 47971
Actibonds In — $19.17 . —

Alliance Capital Management Intl Inc
62/63 Queen St London EC4. 01-248 8881
Alliance International Dollar Reserves
Distribution Aug 1-14 (0.003449) (9.40%pa)
AIntUHCreSept1 $9.21 .... —
A Tech Fd Sept 1 $22.24 .... —
Quasar Ass Sept 1 $60.56 . —

Bamford Brandt Guernsey Mngt Ltd
PO Box 71, St Peter Port, Guernsey. 0481 26541
Tech&Comms £8.86 9.32 .... —
IntlGrowth $17.32 18.77 .... —

Brown Shipley St Co (Jersey) Ltd
PO Box 583, St Helier, Jersey. 0534 74777
StgCoFd(a) £16.17 16.18xd . —
IntCrFa(h) £1.05 1.11 −0.07 —
IntBdFdA $10.60 10.60 .... —

CAL Investments (IoM) Ltd
16 St Georges St Douglas IoM. 0624 20231
CAL C&C* 89.2 93.9 .... —
CAL Metals* 96.3 101.4 .... —
CALSilver** 298.7 316.0 +0.9 —
CAL Gold** — — .... —
CAL Copper** — — .... —
CAL Alumin** — — .... —
Dealings days every Monday.

CAL Investments (Bermuda) Limited
PO Box 1022, Hamilton, Bermuda. (809-29) 5-5950
CAL CTR Fd 80.0 86.0 . —
Dealing days every Monday.

Commodity Advisory Svcs (IoM) Ltd
48 Athol St. Douglas, IoM. 0624-20845
Com&FFAc 87.81 91.47 . —
Com&FFD 87.81 91.47 . —
Next dealing date Sept 5.

Citibank (CI) Ltd "Citifunds"

Channel Is. Transatlantic Inv Fds Ltd
Green St. St Helier. 0534-70334
U.S. $ Fund $10.216 +0.002 —
£ Sterling Fund £5.108 +0.001 —
Sw Franc Fd SwFr20.146 +0.001 —
JapnseYenFd Y2.024.973 +0.282 —
DeutschmkFd DM20.163 +0.002 —
Managed Fund $10.076 +0.001 —

DunVest Ltd
PO Box 887, Grand Cayman.
NAV $136.80 .... —

First Gold & Metals Trust PLC
60 St James's St. London SW1. 01-499 4341
First Gold 9.21 —

Forbes Securities Management Co.
PO Box 887, Grand Cayman, BWI. London Agents 01-839 3013
Gold Inc $9.49 9.99 .... —
Gold App 8.31 8.76 .... —
Dollar Inc $9.17 9.51 .... —

Framlington Overseas Fd Mngt Ltd
PO Box 71, St Peter Port, Guernsey. 0481 26541
O'seas&GthS 70.4 76.6 .... 4.00

GRE Intl Inv Mgmt Ltd
PO Box 414 St Helier, Jersey. 0534 27441
ManCurFd £10.08 — ... —

Grindlay Henderson Mngt Ltd
PO Box 414, St Helier, Jersey. 0534 74248
Mgd Fd £10.1949 10.7046 +0.0211 —
Mgd Acc £9.6619 10.1450 +0.0186 —
Stlg Fd £10.1675 +0.0025 —
Stlg Acc £10.1088 +0.0026 —
U.S. $ Fd $20.3169 +0.0051 —
US $ Acc $20.2514 +0.0053 —
DmA DM50.2722 +0.0067 —
SwFr SwFr50.2755 +0.0062 —
Yen Y5038 +1.0 —

Jardine Fleming and Co Ltd
46th Floor, Connaught Centre, Hong Kong
JCr&BdFl $12.29 — 9.6
Do(Accum) $17.38 — .... —
JFATstInc $10.34 — .... —
Do(Accum) $10.34 — .... —
JFAmGwIn $9.35 — .... —
Do(Accum) $9.35 — .... —
JFMCurIn $9.97 — +0.01 9.50
Do(Accum) $9.97 — +0.01 9.50

Lazard Brothers and Co (Jersey) Ltd
PO Box 108, St Helier, Jersey, C.I. 0534 37361
LazBrFarE $14.33 15.25 .... 1.00
CoGrBd $1,293.06 1,310.28 ... 11.6
D'fieldBdFd $9.95 9.98 −0.01 4.0
Do Accum $9.95 9.98 −0.01 4.0
N Am Fd $9.77 10.40 ... —

Lloyds Bank International, Geneva
PO Box 438, 1211 Geneva 11 (Switzerland)
LlydsIntDllr 96.2 99.3 +0.4 —
LlydsIntG SF916.0 976.0 +17.0 1.5
LlydsIntLn SF296.5 308.0 ... 6.5
LlydsIPac SF101.3 106.7 −0.2 —

Management International Ltd
Bk of B'muda Bldgs B'muda. 809-295-4000
Bda IBFC $15.92 16.09 ... —
Bda IBFI $11.17 11.29 ... —
Prices on Sept 2. Next dealing Sept 9.
Bda IEFC $10.14 10.35 .... —
Bda IEFI $10.14 10.35 .... —
Prices on Aug 31. Next dealing Sept 7.

Manufacturers Hanover Geofunds
PO Box 92, St Peter Port, Guernsey. 0481 23961
LA Inc $102.88 103.10 .... 9.16
LT Acc$ $124.13 124.38 .... 11.04
MIT Inc $108.79 109.35 .... 5.85
MIT Acc$ $123.93 124.56 .. 14.27

Geofund International Reserves Ltd
Sterling £5.037 +0.001 —
U.S. $ $10.072 +0.003 —
D-Mark DM20.074 +0.003 —
Swiss Fr SwFr20.049 +0.002 —
Jap Yen Y2.008.2 +0.4 —
Managed Fd $10.051 +0.050 —

Marine Midland (CI) Ltd
140 B'way NY 10015 USA. 212-440-1000
Queens Hse, Don Rd, St Helier 0534 71460
Intcurcy $1,019.60 .... —
Next sub day Sept 14.

Samuel Montagu Ldn Agents
114 Old Broad St, EC2. 01-626 3434
ApAug30 $F86.60 93.25 .... 1.48
JpJly31 HK$35.40 38.22 .... 0.19
117GpAg9 $18.34 19.74 .... 1.43
JsyFdAug3 $12.85 14.00 .... —
MontFRNF $10.16 10.68 .... —
US FIF $9.54 10.05 .... —

Nat Westminster Jersey Fd Mgrs Ltd
23/25 Broad St, St Helier, Jersey. 0534 70041

County Bank Currency Funds Ltd(z)
Dollar class $20.5068 +0.0064 —
Sterling class £10.2624 +0.0024 —
D-mark class DM50.5369 +0.0047 —
Dutch Gldr DFl50.6028 +0.0066 —
Jap Yen cl Y5.076.9366 +0.7516 —

Norcap Fund Managers (Bermuda) Ltd
Bank of Bermuda Building, Bermuda. 809 29 5400
Amer Tst $10.69 11.11 ... —

Perpetual UT Managers (Jersey) Ltd
PO Box 459, St Helier, Jersey. 0534 74517
OffshrGr $1.124 1.196 .... 2.00

Rothschild Asset Management (CI)
St Julian's Ct, St Peter Port, Guernsey. 0481 26741

OC International Reserves Ltd
Bel Francs BFr859.05 +0.180 7.78
Canadian $ C$36.94 +0.010 7.85
D-Mark DM50.91 +0.005 4.17
Dutch Guilder Fl50.45 +0.010 4.84
French Franc FFr164.11 +0.050 11.45
Italian Lire L37.059 +15 14.94
Japanese Yen Y6 294.51 +0.980 5.61
Singapore $ S$63.98 +0.010 6.88
£ Sterling £14.407 +0.004 8.71
Swiss Franc SwFr45.977 .. 2.95
U.S. $ $29.505 +0.005 8.93
Daily dealings.
For other Rothschild Offshore Funds see Offshore and Overseas section.

Schroder Mngt Services (Jersey) Ltd
PO Box 195, St Helier, Jersey. 0534 27561

Schroder Money Funds Ltd
Sterling £14.0536 .... —
U.S. Dollar $26.2999 .... —
D-Mark DM51.2383 .... —
Swiss Franc SF50.9633 .... —

J. Henry Schroder Wagg and Co Ltd
120 Cheapside, EC2. 01-382 6000
Naess&ThAug23 $58.44 ... —

Target Trust Mgrs (Jersey) Ltd
PO Box 194, St Helier, Jersey. 0534 27441
Mgd Cur Fd 95.3 100.5 +0.7 —

Tyndall-Guardian Management Ltd
PO Box 1256, Hamilton, Bermuda.
T-G Am $22.56 .... —
T-G Money $21.40 .... —
T-G E'bond $15.48 .... —
T-G Com $20.63 .... —
T-G Mort C$19.79 .... —
T-G O'seas $12.36 .... —
T-G Pacific Y2.078 .... —
T-G Wall St $25.39 .... —

United Fund Managers Ltd
16-18 Queens Road Central, Hong Kong. 5-231417
S&MIsT $10.18 10.54 .... —

Insurances—continued

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar. 0707-42311
Pension Funds
EqPenFdAc 597.2 628.6 +5.6 —
Flx I Pen Ac 396.4 417.5 .... —
GtMlnPnAc 244.5 257.3 .... —
Intl Man 244.2 257.0 .... —
Jap Pens Fd 110.6 116.3 +0.2 —
AmPfDdAc 135.8 142.9 .... —
Prop Pn Ac 224.0 235.8 +0.1 —
MpInPnAc 496.7 522.8 +2.0 —

Commercial Union Group
St Helens, 1 Undershaft, EC3. 01-283 7500
VarAnUtsSep3 — 147.10 .... —
VarAnUtsSep9 — 33.11 .... —
Prime Series
Managed 119.9 126.3 ... —
UK Equity 122.0 128.5 +0.6 —
Int Equity 118.1 124.4 −0.4 —
Property 101.4 106.8 ... —
Fixed In 104.4 109.9 +0.1 —
Index Lkd Gt 89.1 93.8 +0.5 —
Cash 98.4 103.6 .... —
Hand-in-Hand
Cash 120.0 126.4 .... —
Fixed Int 134.0 141.1 .... —
Property 139.9 147.3 .... —
NatWest 183.0 192.7 .... —

Continental Life Insurance PLC
64/70 High St. Croydon CR0 9XN. 01-680 5225
Equity Acc 147.4 155.2 .... —
Propty Acc 135.5 142.7 .... —
Int Acc 143.6 151.2 .... —
Managd Acc 144.3 151.9 .... —
PenEqtyAcc 172.8 181.9 .... —
PenPrpAcc 148.6 156.5 .... —
PenIntlAcc 136.6 143.8 .... —
PensMgAcc 151.7 159.7 .... —
Gilt, Deposit, Index Fund prices available on request.

Crown Life
Crown Life House, Woking, GU21 1XW. 04862 5033
PECorontFd 176.5 185.7 .... —
BrewinEqFd 238.0 250.5 .... —
StratInvFd 139.2 146.5 .... —
PenMnyAcc 123.2 129.6 .... —
PenMnyInt 113.6 119.5 .... —
Sage Fd 116.4 122.5 .... —
Heritage Fd 131.2 138.1 .... —
DBS Mangd 129.7 136.5 .... —

Friends' Provident Life Office
Pixham End, Dorking. (0306) 885055
Life Funds
Cash Accum 96.4 101.5 .... —
UK Eqty Ac 104.3 109.8 +0.6 —
FxdIntAcc 96.2 101.3 +0.2 —
IndxLkdAcc 92.6 97.5 +0.7 —
Mixed Acc 100.2 105.5 +0.5 —
O'seasEqAc 101.6 107.0 +0.4 —
Propty Acc 96.0 101.1 .... —
Pension Funds
Cash 96.7 101.8 .... —
Cash Acc 97.7 102.9 .... —
UK Eq Cap 102.7 108.2 +0.7 —
UK Eqty Ac 103.8 109.3 +0.6 —
Fxd Int Cpty 95.1 100.2 +0.2 —
Fxd Int Acc 96.2 101.3 +0.3 —
Indx Lkd Cptl 91.2 96.0 +0.7 —
Indx Lkd Acc 92.2 97.1 +0.7 —
Mixed Capt l 98.9 104.2 +0.5 —
Mixed Acc 100.1 105.4 +0.5 —
O'seasEqCp 103.6 109.1 +1.3 —
O'seasEqAc 104.7 110.3 +1.3 —
Propty Captl 94.8 99.8 .... —
Property Acc 95.8 100.9 .... —

Guardian Royal Exchange
Royal Exchange, EC3. 01-283 7107

GRE Pensions Management Ltd
Pens PrpInt 129.5 136.3 .... —
PensPrpAcc 140.1 147.5 .... —
PensIxLkGInt 91.3 96.1 +0.2 —
PensIxLkGtAc 92.0 96.8 +0.2 —
PensDepInt 136.1 143.3 .... —
PensDepAc 147.3 155.1 .... —

Henderson Administration
26 Finsbury Sq. London EC2. 01-638 5757
High Inc 140.9 148.4 −0.4 —
Gilt Edged 95.5 100.6 +0.1 —
Cap Growth 144.9 152.6 +0.6 —
Technology 171.4 180.5 +0.5 —
Nat Res'ces 141.9 149.4 +0.9 —
Spec Sits 191.1 201.2 +0.6 —
N America 225.8 235.6 −0.3 —
Far East 180.7 190.3 +0.4 —
Property 115.6 121.7 .... —
Managed 185.8 195.6 +0.1 —
Deposit 116.3 122.5 .... —
Prime Rest 116.5 122.7 .... —
Pension Funds
UK Equity 103.8 109.3 +0.4 —
Fixed Int 106.3 111.9 +0.1 —
Spec Sits 122.2 128.7 +0.2 —
N America 113.0 119.0 +0.1 —
Far East 124.4 131.0 +0.3 —
Managed 113.6 119.6 +0.1 —
Comm Prop 99.3 104.6 .... —
Prime Rest 98.9 104.2 .... —
Deposit 99.3 104.6 .... —
Capital unit prices available on request.

London Life Linked Assn Ltd
100 Temple St. Bristol BS1 6EA. 0272-279179
Equity 225.8 232.5 .... —
Fixed Int 157.4 158.1 .... —
Property 165.3 170.2 .... —
Deposit 141.3 141.3 .... —
Mixed 189.2 193.2 .... —
Index Stk 107.0 107.5 .... —
Internatinl 115.0 117.3 ... —

London Life Managed Funds Ltd
Equity(P) 161.7 167.3 .... —
Fixed Int(P) 162.6 163.8 .... —
Property(P) 119.5 123.6 .... —
Deposit(P) 120.6 120.6 .... —
Mixed(P) 149.6 153.2 .... —
Index Stk 113.3 114.1 .... —
Inter P 110.5 112.7 .... —

Moneywise Friendly Society
60 Holdenhurst Rd Bournemouth 0202 295678
MoneywiseIn 47.7 50.6 .... —

Municipal Life Assurance Ltd
99 Sandling Rd Maidstone. 0622 679351
Equity Fd 95.0 100.0 .... —
Managd Fd 100.0 106.0 .... —

Premium Life Assurance Co Ltd
Eastchester House, Haywards Heath. 0444 458721
Nat Res'ces 118.0 125.0 .... —
Property 139.0 147.0 .... —
UK Equity 142.0 150.0 .... —
Intl Equity 124.1 131.0 .... —

Prudential Pensions Ltd
Holborn Bars, EC1 2NH. 01-405 9222
Pru-Link Retirement Plan
Managed Fd 142.3 148.3 .... —
Cash Fund 112.1 116.8 .... —

St George Assurance Co Ltd
The Priory, Hitchin, Herts. 0462 57161
Managed Fd 102.6 108.1 .... —
Universal Fd 100.8 106.2 .... —

Save & Prosper Group
4 Gt St Helens, London EC3P 3EP. 0708-66966
Gilt Pen Fd 178.6 189.1 +0.8 —
Dep Pen Fd† 185.0 195.8 ... —
GlobalEqPen 56.0 59.3 +0.1 —

Skandia Life Assurance Co Ltd
Frobisher Hse, Southampton. 0703-334411
Managed 152.3 160.3 +0.1 —
Equity 163.6 172.2 +0.9 —
International 178.8 188.2 −0.2 —
N America 109.0 114.7 −0.3 —
N European 101.5 106.8 +0.2 —
Pacific 110.2 116.0 −0.4 —
IntRecovery 110.8 116.6 ... —
Gilt Plus 136.9 144.1 −0.4 —
Property 128.2 134.9 ... —
Deposit 130.8 137.7 +0.1 —
Pens Mangd 181.5 191.0 +0.2 —
Pens Equity 192.6 202.7 +1.1 —
Pens Intnl 215.5 226.8 −0.3 —
Pens N Am 111.2 117.1 −0.4 —
Pens N Euro 103.2 108.6 +0.2 —
PensPacific 112.6 118.5 −0.5 —
PensIntRec 112.9 118.8 ... —
PensGtPls 162.4 170.9 −0.6 —
Pens Propty 155.6 163.8 +0.1 —
Pens Dep 159.3 167.7 ... —
For prices of Capital Units and Guaranteed Basis Rates please phone 0703 334411.

Target Life Assurance Co Ltd
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0295) 5941
Sterling — — 6.5
U.S. Dollar — — 5.7
Swiss Franc — — 3.9
Deutsche Mark — — 2.3
Yen — — 1.6

TSB Life Ltd
PO Box 3, Keens House, Andover, Hants. SP10 1PG.
Managed Fd 102.8 108.4 +0.3 —
Property Fd 97.3 102.4 .... —
Fixed Int Fd 97.0 102.2 +0.1 —
Money Fd 97.3 102.6 +0.1 ..
Equity Fd 110.4 116.3 +0.6 —

Windsor Life Assurance Co Ltd
Royal Albert Hse, Sheet St, Windsor 68144
N Amer Fd 204.6 215.5 −1.8 —
Far East Fd 125.9 132.5 −1.1 —
FutAssGth 79.0(A) 89.0(B) .. —
Ret Assd Pen 53.26
vGuu9 7¹⁄₁₆¹⁄₁₆b

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard EC4P 4DX 01-236 1833
High Income
Gilts & Fixed Int. 109.6 116.0xd +0.2 10.34

Britannia Gp. of Unit Trusts Ltd. (a)(c)(g)
Salisbury House, 31, Finsbury Circus, London EC2 01-638 0478/0479 or 01-588 2777
Britannia Viewpoint 01-673 0048
UK Specialist Funds
Assets 154.8 166.9 +0.5 3.49
Recovery 60.9 65.7 +0.3 2.91
Smaller Cos 87.7 94.6xd +0.3 1.77
Spec. Mkt. Sits. 74.4 80.2 +0.3 1.47
UK Blue Chip 50.9 54.9 +0.7 3.15

Duncan Lawrie Fnd. Mgrs. (g)
1, Hobart Place, London SW1W 0HU. 01-245 9321

Henderson Administration (a) (b) (c)
Premier UT Admin, 5 Rayleigh Rd, Hutton, Brentwd, Essex.

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INSURANCES

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هكذا عن الأصل

هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Assur. Co. Ltd.—cont.

Income Accum.	113 0	119 0	+0.3	—
Do Initial	110 0	115 8	-0.2	—
Man Pens. Accum.	238.5	251.1	-2.8	—
Do Initial	197 9	208.4	-2.5	—
Gilt-Edg Pens. Accum.	203.3	214.1	+1.7	—
Do Initial	162.4	171.0	+1.3	—
Money Pens. Accum	184 9	194.7	+0.3	—
Do Initial	149.7	157.6	+0.2	—

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.		231.39	.....	—
Managed Inv Fd.	156.88	165.14	.....	—
Property Fd.	150.30	158.22	.....	—
Fixed Interest Fd.	141.61	149.07	.....	—
Cash Fd.	135 42	142.55	.....	—
Income Fd.	172.51	181.59	.....	—
Extra Income Fd.	162.92	171.50	.....	—
Worldwide Growth Fd.	229.60	241.69	.....	—
Balanced Fd.	173.22	182.34	.....	—
Smlr Co's & Recv. Fd	207.34	218.26	.....	—
Int. Technology Fd.	261.70	275.48	.....	—
Nth. Amer. & Gen. Fd.	164.70	173.37	.....	—
Energy Int. Fd.	107.92	113.60	.....	—
Pacific Basin Fund	125.75	132.37	.....	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 474111

Managed	107.1	112.7	.....	—
Property	105.5	111.1	.....	—
Equity	95 9	100.9	.....	—
International	124.4	130.9	.....	—
Fixed Interest	97.5	102.6	.....	—
Deposit	98 6	103.8	.....	—
Managed Pen. Cap.	107.9	113.6	.....	—
Property Pens. Cap.	104.8	110.3	.....	—
Equity Pens. Cap.	92.6	97.4	.....	—
Intnl. Pens. Cap.	129.5	136.3	.....	—
Fixed Int. Pens. Cap.	95.9	101.0	.....	—
Deposit Pens. Cap.	97.0	102.1	.....	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Aug 30		96.2	.....	—
Rtmt. Fed. Aug 6		255.4	.....	—
Managed Pen Fund	175.5	184.7	.....	—
Property Pen Fund	113.8	119.8	.....	—
Index Lnkd Pen Fund	110.5	116.3	.....	—
Managed	118.5	124.8	-0.3	—
Property	102.1	107.5	.....	—
Gilt and Fixed Interest	102.1	107.5	.....	—

G.T. Management Ltd.
16 Finsbury Circus, Lond EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	116 8	123 0	-0 1	—
GT Pln High Yld Fnd.	118 2	124 5	+0 9	—
GT Plan Far East Fnd	113 3	119 3	+0 9	—
GT Pln N Am Fund	244.1	251.7	+2.5	—
GT Pln UK&G.E. Fnd	134 0	141 1	+0.2	—
GT Pln Wrldwde Fnd.	135.1	142.3	+1.6	—
GT Pension Bnd Fnd.	126.1	132.8		—
GT Pen High Yld Fd.	135.0	142.2	+1.1	—
GT Pen Far East Fd.	137.8	145 1	+1.4	—
GT Pen N. Am. Fd.	211.0	222.2	+4.2	—
GT Pen UK & G.E. Fd.	155 8	164.0	+0.2	—
GT Pen Worldwide Fd.	144 4	152.0	+1.8	—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	164.2	172.9	+1.1	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		247.1	.....	—
Portfolio Fd. Init.		205.6	.....	—
Portfolio Fd. Cap.		236.6	.....	—
Investment A/c's	247.0	260.1	.....	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance		1,153	.....	—
Landbank Secs.		65.87	.....	—
Landbank Scs. Acc.	183.7	188.5	.....	—
G. & S. Super Fd.		£11.2814	.....	—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101

Guardian Assurance

Property Bonds	302.8	315.3	.....	—

GRE Linked Assurance Limited

Managed Initial	206.4	217.3	+0.5	—
Do. Accum	228.6	240.6	+0.5	—
Equity Initial	261.6	275.4	+2.5	—
Do. Accum.	289.7	304.9	+2.7	—
Fixed Int. Initial	186.8	196.6	-0.5	—
Do. Accum.	206.8	217.7	-0.5	—
International Initial	213.3	224.5	+2.3	—
Do. Accum.	236.2	248.6	+2.6	—
North American Initial	99.1	104.3	+0.2	—

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

'Asset Builder'	64.8	68.1	.....	—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511.

Money Mngr Sept 1	61.3	66.1	.....	—
MM Flexible Sept 1	52.6	55.4	.....	—
Fixed Interest Sept 1	54.7	57.7	.....	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179
See adjacent Page Mon-Fri and Stock Exchange Page Sat.

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	289.1	—	+0.6	—
Invest. Tst. Fd. Acc.	304.8	—	+0.7	*11.9
Property Fund Cap.	117.2	—	.....	—
Property Fund Acc.	123.2	—	.....	*4.2
Flexible Fund Cap.	179.6	—	+0.4	—
Flexible Fund Acc.	188.8	—	+0.4	*4.2
Fixed Int. Fd. Cap.	134.7	—	+0.4	—
Fixed Int. Fd. Acc.	141.8	—	+0.4	—
Gtd. Deposit Fd. Cap.	138.6	—	.....	—
Gtd. Deposit Fd. Acc.	144.8	—	.....	—
Equity Fund Cap.	130 7	—	+0.7	—
Equity Fund Acc.	137.0	—	+0.7	—
International Fd. Cap.	138.6	—	+0.3	—
International Fd. Acc.	145 2	—	+0.3	—
Capital Gwth Fd.	420.9	—	+1.1	—
Moneymaker Fund	165.8	—	+0.6	—
Exempt Inv Tst Cap.	406.8	—	+0.6	—
Exempt Inv Tst Acc.	421.0	—	+0.7	—
Exempt Inv Tst NS	418.9	—	+0.7	*8.1
Exempt Ppty Cap	188.9	—	.....	—
Exempt Ppty Acc	195.6	—	.....	—
Exempt Ppty NS	194.5	—	.....	*3.7
Exempt Flex Cap	240.3	—	+0.9	—
Exempt Flex Acc.	248.7	—	+1.0	—
Exempt Flex NS	247.3	—	+0.9	*4.2
Exempt Equity Cap	111.2	—	+0 4	—
Exempt Equity Acc.	114.8	—	+0 4	—
Exempt Fxd Int Cap	102.2	—	+0.5	—
Exempt Fxd Int Acc.	105.7	—	+0.5	—
Exempt Gtd Dep Cap.	103.4	—	.....	—
Exempt Gtd Dep Acc.	106.9	—	.....	—

*Addition to price where reduced mngmt. charges apply.

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund		287.8	.....	—
Property Fund (A)		280.0	.....	—
Agricultural Fund		1,106.0	.....	—
Agric. Fund (A)		1,077.2	.....	—
Abbey Nat. Fund		228.4	.....	—
Abbey Nat. Fd. (A)		227.5	.....	—
Investment Fund		137.2	.....	—
Investment Fund (A)		134.4	.....	—
Equity Fund		416.9	+2.4	—
Equity Fund (A)		409.1	+2.2	—
Money Fund		214.3	.....	—
Money Fund (A)		210.4	.....	—
Actuarial Fund		221.1	.....	—
Gilt-edged Fund		185.3	+0.1	—
Gilt-Edged Fd. (A)		185.3	+0 1	—
Retire Annuity		352.0	.....	—
Immed. Ann'ty		193.0	.....	—
International Fd.		269 8	.....	—
Bldg. Soc. Life Fd.		109.8	.....	—

Property Gth Pens & Annuities Ltd

All Wther Ac. Uts.	254.0	267.3	.....	—
Inv. Fd. Uts.		294.3	.....	—
Pension Fd. Uts.		250.4	.....	—
Conv. Pens. Fd.		288.1	.....	—
Cnv. Pns. Cap. Ut.		216.4	.....	—
Man. Pens. Fd.		328.2	.....	—
Man. Pens. Cap. Ut.	256.5	—	.....	—
Prop. Pens. Fd.		279.5	.....	—
Prop. Pens. Cap. Uts.		212.6	.....	—
Bldg. Soc. Pen. Ut.		251.1	.....	—
Bldg. Soc. Cap. Ut.		193.8	.....	—
Gilts Pens. Fd.		161.8	+0.1	—
Gilts Pens. Fd. Cap.		142.1	+0.1	—
Equity Pens. Fd.		254.9	+0.4	—
Equity Pens. Fd. Cap.		223.8	+0.3	—

Providence Capitol Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Equity Acc.	105.7	111.6	.....	—
Fixed Interest Acc.	90.5	95.5	.....	—
Intnl. Acc.	82.0	86.7	.....	—
Managed Acc.	91.2	96.2	.....	—
Property Acc.	111.2	117.4	.....	—
Money Acc.	73 8	77.9	.....	—
Special Market Acc.	68.4	72.2	.....	—
Japan Acc.	61.9	65.4	.....	—
North America Acc.	72.9	77.0	.....	—
Pacific Acc.	50.7	53.5	.....	—
Technology Acc.	68.3	72.1	.....	—
Nat. Resources Acc.	55.8	58.9	.....	—

Individual Pension Funds

Equity Acc.	94.4	99.6	.....	—

Hambros Fd. Mgrs. (C.I.) Ltd.
P O Box 86, Guernsey 0481-26521

Capital Reserve Fund	£16 75	16 76	-0.01	0 74
C.I. Fund	337.0	358.9	-2.30	2.23
Special Sits Fund	127.3	134 0	-0.8	2.16
Sterling Income Fund	208 9	213.6	.....	10.56
Dollar Income Fund.	$1 028	1 071	.....	12 60
Trans Nat Trust	$1 246	1.307	.....	2.49
Intnl Bond	$106 39	111 99	+0 93	9 64
Int. Equity	$22.09	23.25	+0 41	1.58
Int. Sygs. 'A' $US	$1 61	1.69	.....	—
Int. Sygs. 'B'	$2 45	2.58	+0 04	—
Galleon Ass. Fund 'A'	$1.099	1 102	+0.008	—
Galleon Ass. Fund 'B'	$1.324	1.352	-0.009	—
Amer Spec Accts	$1 05	1.11	.....	—

Henderson Admin. & Man. (Guernsey)
PO Box 71, St. Peter Port, Guernsey 0481 26541

American (US cents)	177 0	188.3	.....	—
Ntrl Res. (U S. cents)	134 2	142.7	+1.1	—
Gilt Fund	£10.32	10.94	.....	11.45
Prime Res. Props.	101.0	109 0	.....	—

Henderson Baring Group
1901, Edinburg Tower, Hongkong.

Australia	$10 47	11.29	.....	—
Hong Kong	$10 41	11.16	-0.47	—
Japan Tech.	$26.44	28.25	-0.21	—
Japan Fund	$36.97	39.50	.....	—
Malay Sing.	$22.43	24.16	.....	—
Pacific Fd.	$15 910	16.285	.....	—
Bond Fd.	$10 429	10 950	.....	10 95

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.

Guernsey Tst.	292.2	312.6	+4.2	2.55

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey 0534 76029

UK Equities (C I. Fd.)	195.3	209.0	.....	2 50
UK Gilt (Jy Fxd. Int.)	103 0	109 0	+1.0	11.00
Int. Man. (Growth Fd.)	167.1	179.8	.....	—

Int. Currency Fund

D. Mark		DM42 46	.....	—
£ Sterling		£11 18	.....	—
Swiss Franc		SF35.87	.....	—
U.S. $		$22.29	.....	—
Managed Fund	£11.56	12.14	+0.04	—

Quilter/Heinold Commodities
31-45, Gresham Street, EC2V 7LH. 01-600 4177

Resources Fd	$142 73	$3 00		2.1

Next dealing date Oct 3.

Rea Brothers (IoM) Ltd
29 Athol St, Douglas IoM. 0624 21724

Bond Fund	£1 135	1.176	-0.05	8 74

Richmond Life Ass. Ltd.
4 Hill Street, Douglas, IoM 0624 23914

Coin Trust	28 0	30.0	-0 1	—
Diamond Bond	68.4	73.3	-6 7	—
Gold Bond	259 3	275.7	-0.4	—
Sterling Deposit Bd.	168 93	177.82	+0 05	9.24
UK Gilt Fund	157 0	166 9	+0 4	—

Rothschild Asset Management (C.I.)
St Julian's Ct, St Peter Pt, Guernsey. 0481 26741

OC American Fd*	$3 88	4.12	.....	1 06
OC Sm Co**	174.5	184 9	.....	1.46
OC Commodity†	125.9	133 4	.....	2.14
OC Dir Comdty*	$38.86	41.33	.....	1.67
OC Hongkgfdtt	$34.22	36 40	.....	—

*Prices Aug 22. Next dealing Sept 7 †Prices Aug 12 Next dealing Sept 14. ***Prices Aug 15. Next dealing Sep 15 ††Dealings every Wednesday.

OC Intl Reserves Ltd. 0481 26741-26331
See adjacent Page Mon-Fri and Stock Exchange Dealings Page Sat.

Royal Bank of Canada Funds
RBC Invest Managers Ltd
PO Box 246, St Peter Port, Guernsey 0481 23021

Intl Income Fd.	$9.81	10 43	.....	—
Intl Capital Fd.	$14.20	15.41	.....	—
North America Fd	$6.63	7.23	.....	—

RBC Intl Currencies Fd Ltd

U.S.$	—	$21.29	.....	—
Canadian $	—	C$26.54	.....	—
£ Sterling	—	£10.71	.....	—
D-Mark	—	DM51.53	.....	—
Swiss Francs.	—	SF40.79	.....	—
Japanese Yen	—	Y6,229	.....	—
Managed Fund	—	$20 76	.....	—

Daily Dealings.

Royal Trust Intnl. Fd. Mngt. Ltd
PO Box 194, St Helier, Jersey. 0534 27441

WestAvon Secs (Guernsey) Ltd
PO Box 214, St Peter Port, Guernsey 0481 27768

Gilt & Option Fd.	£1.10	1.16	.....	—
US $ Option	$1 00	1.05	.....	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$13 33		.....	—

Inv. Adv: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St George's St., Douglas IoM 0624 25015

Wren Com. Fund	28.3	29.4	.....	—
Chinese Fund	70.0	72.9	.....	—
Precious Metal Fund.	128.0	133.2	.....	—
Vanguard Cmdy. Fd.	38.8	39.8	.....	—
Financial Futures Fd.	81 6	85 0	.....	—
Wren Intl. Fnd.*	$0.718	0.747	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U S dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

COMMODITIES AND AGRICULTURE

Cocoa prices rise sharply

BY JOHN EDWARDS, COMMODITIES EDITOR

COCOA PRICES rallied sharply yesterday on the London futures market after falling to a three-month low in early trading. The March position closed £27 up on the previous day at £1,460.5 a tonne after declining to £1,416 at one stage.

Trading activity on the market was the busiest for some time, with turnover reaching 12,708 lots (of 10 tonnes each) including more than 6,000 lots in the nearby December position.

Traders said some heavy selling, believed to be mainly on behalf of big speculative funds, drove the market down in the morning. But stern resistance was encountered as December approached the £1,400 mark — it fell to a low of £1,403 before rallying to close near the top at £1,436.5.

The market remains extremely uncertain about the size of this season's crops, especially in West Africa. Reuter reported from Abidjan that Norbert Kouakou, head of the Caisse de Stabilisation, claimed the Ivory Coast crop would be less than the 1982-83 outturn of 250,000 tonnes.

He said that recent market reports that there would be a bumper crop of up to 480,000 tonnes were aimed at favouring "speculative positions" on the market.

The reports, he added, were ignoring the effects of this year's drought and bush fires, and making too much of the high pod counts.

No-one in the market knows quite who to believe. The producers have a tendency to exaggerate crop damage while consumers often inflate production prospects to drive prices down.

Sugar shortfall predicted

BY RICHARD MOONEY

WORLD SUGAR production is likely to fall short of consumption by 2.08m tonnes in the 1983-1984 crop year, according to London merchants Gill and Duffus, compared with a production surplus of 5.75m tonnes estimated for 1982-83.

This year's hot dry weather is expected to contribute to a 3.36m tonnes reduction in EEC output to 11.42m tonnes in 1983-1984, and, by boosted sales of ice cream, soft drinks, beers, etc, to lift community consumption marginally to 10.45m.

U.S. production is also predicted to fall, though by only 115,000 tonnes to 5.18m, but its consumption is projected 280,000 tonnes below 1982-83's, at 8m tonnes.

Gill and Duqus forecasts that Soviet consumption will increase by 220,000 tonnes to 13.17m but expects this to be more than outweighed by a 350,000 tonnes rise in production to 7.1m tonnes.

India is seeking an export quota of 1m tonnes of white sugar for 1984 from the International Sugar Organisation (ISO), Commerce Minister Vishwanath Pratap Sing said yesterday, reports Reuter from New Delhi. The 1983 export quota is 650,000 tonnes.

Mr Singh said India had already shipped 250,000 tonnes of sugar this year.

Shipments at the rate of 130,000 tonnes per month will be maintained up to the end of December.

Farm land values continue to rise

By Richard Mooney

THIS YEAR'S steady rise in UK farm land prices continued in July, with the average price for the May-July quarter reaching a new record of £4,807 a hectare, the Ministry of Agriculture announced provisionally yesterday.

After dipping slightly in the first quarter the price has risen £413 or 9 per cent.

The May-July figure was based on 379 transactions covering 14,600 hectares. The weighted average, which allows for area and size group variations in the sample, was calculated at £4,829 a hectare, while the farm land price index reached 249 (1973=100).

● THE CODE of practice guarding against sales of unfit meat has been strengthened. The Bacon and Meat Manufacturers' Association announced that meat acceptance tests would become more stringent and that sampling procedures have been revised. Signatories are required to subject supplies to regular examination.

● THE DUTCH wheat crop is provisionally estimated at 1.05m tonnes, 8 per cent above last year's 967,300 tonne crop. Winter wheat harvest is put at 1.01m tonnes, up 18 per cent from last year's 855,100 tonnes.

● THE AREA of woodland on British farms went up by 5.5 per cent in the last year. An EEC timber committee will arrive in Britain later this month to study ways of increasing British forest resources.

● THE KUALA LUMPUR Commodity Exchange will consider suggestions from traders that the size of its new rubber futures contract be reduced. Traders have complained that the current 25-tonne-per-lot contract is too large.

Noah's Ark symbolism of the post- Malvinas era

Jimmy Burns reflects on Argentina's agricultural past and contemplates prospects for the future

BUENOS AIRES'S Palermo Park momentarily became a symbol of prosperity again last month as more than a million Argentines filed through the steel gates to witness what must rank among the world's more impressive agricultural shows.

Suckling pigs the size of sheep; rams with enough wool to clothe a family; stallions out of Greek mythology; cows the size of elephants. All of them there in their hundreds and all immaculate, to be gaped at.

The hundreds of stands had every imaginable kind of agricultural product on view, from Argentina's impressive versions of French cheeses to the latest combine harvester made by Vasalli, a local private company recently resurrected from a two-year bankruptcy to start competing again with the big international names like Fiat, John Deere, and Massey Ferguson. This could be a sign, perhaps, not just that the country's industrial recession may be bottoming out but also that Argentine farmers may be heading for a boom.

The fair caricatured itself having everywhere gauchos dressed as gauchos, even though labourers on many modern Argentine farms no longer wear traditional garb.

Nationalist sentiment in the post-Malvinas era also ensured an even bigger display than usual of Argentine flags. Rather too often for total comfort a military band would march in and out of the livestock—a reminder that even the Argentine countryside still depends on the whims of the junta.

Even after the battle for Port Stanley, Argentina's agricultural fair has not forgotten its "other half." Palermo was filled as always with Corriedales, Hampshire Downs, and Romney Marshes, as well as Jerseys and Aberdeen Angus—all locally reared.

At one hectic auction, "Senor William" put in the highest bid after a well-humoured exchange in best Anglo-Argentine with a dark skinned man in tweeds and Wellington boots. It was all a reminder, if only a symbolic one, of the strong links that existed between Argentine farmers and British commerce in the heyday of both.

The fair had three high points. The first was the spectacular performance of a "Brangus" bull.

It managed to break free from its enclosure before running amok through the city's main streets. One hour, several broken stands, and numerous wounded and hysterical civilians later, the bull was pacified, thanks to the timely intercession of two Santa Gertrudis heifers.

The second was the largely protocol visit of agricultural ministers from countries as far apart as Spain and China. Perhaps the most significant guest was the U.S. Secretary of State for Agriculture, the first senior official of the Reagan Administration to be welcomed by the Argentines since the end of the Falklands war.

Argentine farmers have been looking to the U.S. as a potential ally against the EEC, but are equally worried that Washington may sign much too many grain deals with the Soviet Union, the main recipient of Argentine exports. Nothing concrete came out during the visit on either issue.

The third highpoint was the auction of the champion Aberdeen Angus called "Superbull," which was bought by three farming syndicates for $170,000 (£114,000); an extraordinary sum, given Argentina's current financial crisis and the shockingly weak state of the peso.

Total sales of bovines, sheep, pigs, and horses was put at about $2.4m.

The fair was organised by the 108-year-old Sociedad Rural Argentina. With many of its 12,000 members owning estancias of 20,000-120,000 hectares, the Rural remains the aristocrat and most influential of the country's three main farmers' associations.

In the early half of this century, when Argentina was still predominantly a rural society, the landowning class had the power to break and make governments. Members of the Rural board would occupy Cabinet posts much like old Etonians have dominated Parliament.

The rural's power was a reflection of Argentina's position as the granary of the world. In the early 1930's, Argentina accounted for 25 per cent of wheat, 65 per cent of maize, and 38 per cent of meat traded worldwide.

After the Second World War, Argentina's own industrialisation and international factors — such as the introduction by the U.S. of favourable credit terms for its agricultural exports and the creation of the EEC's Common Agricultural Policy — gradually weakened Argentina's position as an agricultural exporter.

By the mid-1970s the percentages had fallen to 4, 12, and 13 per cent respectively.

Many of the country's larger estates, meanwhile have been gradually whittled away thanks to the country's hereditary laws which insist on equal division of land among descendants once the owner dies.

Rural members insist that the days when they helped promote military coups to oust populist governments belong to history and that they look forward to the October 30 elections.

But the agricultural fair remains paternalistic rather than democratic, with the estancieros in their camelhair coats and tweed suits keeping a sober distance from the urban masses.

"We are the lynchpin of our economy and the next Government should recognise this," says Sen Horacio Guitterez, the current president of the Rural.

Agriculture remains the main engine of growth, contributing to over 80 per cent of total exports and 12 per cent of GDP.

Argentine meat has been badly affected by adverse international conditions. There has been a decrease of 10m cattle head since 1977 and in the first half of this year meat exports were 50 per cent down on the same period in 1970.

But the country's record grain harvest this year of nearly 41m tonnes has been fundamental in helping Argentina weather its $39bn foreign debt problem.

Argentine farmers complain about excessive taxes, non-existent export incentives, and an overweight and inefficient state sector which survives thanks to countryside profits. They fear the expected election victory of their traditional enemies, the Peronists, but say that without political continuity, inflation will increase and there can be no medium- to long-term investment.

As Sen Guitterez put it: "With the right kind of policies we can boost our agricultural production by 40 per cent over the next five years. We don't care what government we have. We just want it to last."

Tin market 'is likely to remain depressed for many years'

BY JOHN EDWARDS, COMMODITIES EDITOR

THE TIN market is likely to remain depressed for many years, according to the annual review (for 1983/84) of the industry released yesterday by Hargreaves and Williamson, metal analysts for Shearson American Express.

The review claims there is little on the horizon that might improve the present gloomy outlook for tin producers. It forecasts that export controls will have to be retained at least until 1986 in view of the huge surplus of supplies overhanging the market. Prices are expected to remain in a narrow range.

The review thinks the buffer stock of the International Tin Council will be able to continue defending the "floor" level of M$29.15 a kilo, but will have to prevent any rise above M$32.06 since this would bring a relaxation in export controls.

On an exchange rate of M$3.50=£1, and adding £200 a tonne for shipping and insurance, this would mean prices on the London Metal Exchange ranging between £8,700 (M$30 a kilo) and £9,300 a tonne for the next 12 months.

Mr David Williamson noted that unlike most other metals, "real" prices for tin had increased during the past 13 years and this might explain why demand had been so poor, with heavy inroads into tin markets by substitute materials.

He claimed it would take several years of a deficit in world production to bring back to reasonable level the present surplus of supplies estimated at around 120,000 tonnes, taking into consideration all stocks, including those available for sale by the U.S. strategic stockpile.

PRICE CHANGES

In tonnes unless stated otherwise	Sept. 6 1983	+ or —	Month ago
Metals			
Aluminium	£1050	....	£950
Free Mkt	$1655/1685	....	$1585/595
Copper			
Cash h grade	£1088.5	—3	£1091
3 mths	£1096.25	—3	£1118.75
Cash Cathode	£1037.5	—1.5	£1061.5
3 months	£1065	—0.25	£1088.5
Gold troy oz	$417.625	—1.75	$412.625
Lead Cash	£264.5	—1.5	£264.5
3 months	£274.25	—1.5	£274.5
Nickel	£4646.34	....	£4625.88
Free mkt	225/255c	....	215/255c
Palladium	$157.00	+0.75	$143.00
Platinum	£296.35	—0.45	£285.60
Quicksilver†	$285.295	+5	$280/290
Silver troy oz	825.60p	+3.50	778.25p
3 mths	845.00p	+3.30	796.25p
Tin cash	£8620	+1	£8600
3 month	£8740.5	+8	£8692.5
Tungsten	$74.81	....	$82.73
Wolfem 22.04 lb	$76/82	+3	$73/77
Zinc Cash	£571.5	—6	£511.75
3 mths	£587.75	—5.5	£526.75
Producers	$880	....	$820

	Sept. 6 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$980y	—10	$1005
Groundnut	‡	....	£915
Linseed Crude	£496.35	....	£370
Palm Malayan	$620u	....	$510
Seeds			
Copra Phill	$650x	+10	$650
Soyabean (U.S.)	$356.5	....	$320
Grains			
Barley Fut. Nov	£119.20	—0.30	£116.00
Maize	£144.00	....	£141.50
Wheat Fut. Nov	£124.70	—0.70	£123.15
No2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£1497	+19	£1675
Fut. Dec	£1436.5	+14	£1609.5
Coffee Ft. Nov	£1695.5	—2	£1674.5
Cotton A. Index	92.35c	....	91.00c
Gas Oil Oct	$256	—.15	$258
Rubber (kilo)	79p	+0.5	80p
Sugar (Raw)	£163y	+1	£187.5
Woolt'ps 64s.	393p kilo	....	385p kilo

‡ Unquoted. z Aug-Sept. u Nov. y Sept-Oct. x Oct-Nov. v Oct. † Per 76lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.65-28.75	—0.02
Iranian Light	28.10-28.20	—0.07
Arabian Heavy	26.60-26.70	—0.02
North Sea (Forties)	30.60-30.65	—0.05
North Sea (Brent)	30.80	....
African Bonny Li'ht	31.00	....
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	295 297	—3.0
Gas oil	252-256	—
Heavy fuel oil	170-171	—0.5

GAS OIL FUTURES

Prices continued to weaken through the morning after an unchanged opening. Activity picked up towards the lows. Prices stayed in a narrow range through the afternoon gaining no further direction from either New York or physicals, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Sept.	252.50	—2.00	254.00-52.25
Oct	256.00	—1.50	257.50-55.50
Nov.	259.25	—1.25	260.25-58.75
Dec	261.00	—1.75	262.00-60.50
Jan	259.50	—1.50	260.50-59.00
Feb.	256.50	—2.00	256.50-55.50
Mar	252.75	—2.25	254.00-53.50
April.	252.00	—1.75	252.50-52.00
May	250.00	—	—

Turnover: 1,599 (661) lots of 100 tonnes.

GOLD MARKETS

Gold fell $1½ an ounce from Monday's close in the London bullion market yesterday to finish at $417¼-418. The metal opened at $418¼-419 and traded between a high of $418¾-419¼ and a low of $417¼-418. Trading was extremely quiet despite the re-opening of U.S. centres after the long weekend.

In Paris the 12½ kilo bar was fixed at FFr 108,800 per kilo ($420.69 per ounce) in the afternoon compared with FFr 108,500 ($419.34) in the morning and FFr 108,900 ($419.66) on Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 36,095 per kilo ($420.02 per ounce) against DM 36,280 ($420.99) previously and closed at $418-418½ from $418-419¼.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar at the fixing was $418.30 from $418.75.

In Zurich gold finished at $417-420 from $418-421.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Sept	417.00-19.0	—1.000	—
Oct.	419.20-19.8	—2.450	421.50
Nov.	422.50-24.0	—2.500	—
Dec.	426.40-26.6	—2.750	428.10-26.5
Jan.	430.40-31.4	—2.100	—
Feb.	433.50-34.5	—2.750	434.90
Mar.	435.00-38.0	—3.750	—

Turnover: 431 (416) lots of 100 troy ounces.

	Sept. 6		Sept. 5	
Gold Bullion (fine ounce)				
Close	$417¼-418	(£278¼-278¾)	$419-419¼	(£279-279¼)
Opening	$418¼ 419	(£278¼-279¼)	$420¼-421	(£280-280½)
Morning fixing	$418.25	(£278.778)	$420	(£279.571)
Afternoon fixing	$418.25	(£279.019)	$419.10	(£278.879)

Gold Coins Sept. 6					
Krugrnd	$429¾-430½	(£286¼-287¼)	King Sov	$100½-102	(£67-68
½ Krg	$221-222	(£147½ 148)	Victoria Sov	$100½ 102	(£67-68
¼ Krg	$112½-115½	(£75-75¾)	French 20s	$83¾-85½	(£55¾-57
1/10 Krug	$45¾-46¾	(£30½-31¼)	50 pesos Mex	$510-512	(£340¼-341½
Mapleleaf	$429½-430½	(£286½-287¼)	100 Cor. Aust	$409-413	(£272¼-275½
New Sov	$98¼ 98¾	(£65½ 65¾)	$20 Eagles	$595-605	(£397-403½
½ New Sov	$58½-60½	(£39 40¼)			

EUROPEAN MARKETS

ROTTERDAM, September 6.

Wheat—(U.S. $ per tonne): U.S. No. 2 Red Winter: Sept 169.50, Oct 178, Nov 179.50, Dec 180. U.S. Northern Spring, 14 per cent protein: Sept 187, Oct 186.50, Nov 188.50, Dec 192.50. U.S. No. 3 Amber Durum: Sept 210, Oct 212, Nov 215 75. Canadian Western Spring: Sept 10/Oct 10 213, Nov 214.

Maize—(U.S. $ per tonne): U.S. No. 3 Yellow: Aug 170, Sept 165, Oct 161, Nov 161.50, Dec 162.75, Oct/Dec 161 75, Jan/March 166.75, April/June 168 sellers. Argentine: Afloat 170, Sept 170, Oct 173 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: Sept 349.50, Oct 351, Nov 353, Dec 357, Jan 361.75, Feb 363.50, March 369, April 369 sellers.

Soyameal—(U.S. $ per tonne), 44 per cent: Afloat 282, Sept 283, Nov 288, Dec 292, Oct 284, Nov/March 192 sellers. Pellets, Brazil: Afloat 288, Sept 297, Oct 303, Nov 309.50, Nov/March 309 sellers. Pellets, Argentine: Afloat: 285, Aug 292, Sept 295, Oct 297, Jan/March 302 sellers.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL MARKETS on the London Metal Exchange were featured by the sharp decline in Aluminium values. Forward metal opened at £1,141 but quickly dropped to £1,117 by the morning Kerb as heavy selling from one quarter, thought to have represented hedge selling, triggered sizeable stop-loss and Commission House selling. Thereafter the market staged a strong rally which saw the price recover to £1,132 on short covering before a close of £1,129. The sudden slump in aluminium coupled with Commission House selling pressure depressed Nickel to £3,410, but a subsequent rally left forward material at £3,417.5 on the late Kerb.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1071.5-2	+1.5	1068-9	—3
3 months	1098.5-9	+2.5	1096-.5	—2
Settlem't.	1072	+1.5	—	......
Cathodes				
Cash	1039-40	+.25	1037-8	—1.5
3 months	1066-7	+1.25	1064-6	—.25
Settlem't	1040	+.5	—	
U.S. prod.	—	—	*77-81	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,072.5, 72, three months £1,100, 1,100.50, 1,100, 1,099.50, 99. Cathodes: Cash £1,038, 39. Kerb: Higher Grade: Three months £1,098.50, 98, 97. Afternoon: Higher Grade: Three months £1,098, 97.50, 97, 96.50. Cathodes: Cash £1,038. Kerb: Higher Grade: Three months £1,097. Turnover: 16,825 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£

LEAD

ZINC

Zinc—Morning: Cash £578.50, three months £596.50, 96, 95.50. Kerb: Three months £594, 93, 92, 91, 90. Afternoon: Three months £591, 90, 89, 88, 87.50, 88. Kerb: Three months £589, 90, 91, 92, 93, 94, 93.50, 94. Turnover: 9,075 tonnes.

ALUMINIUM

Aluminim	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	1097-.5	—15.5	1101-2	—18
3 months	1126 .5	—15	1129.5-30	—15

Aluminium—Morning: Cash £1,097.50, 97, three months £1,132, 31, 30, 29, 27, 26, 27, 26.50, 28. Kerb: Three months £1,127, 26.50, 26, 25, 23, 21, 19, 18, 17, 19, 20, 21, 20. Afternoon: Three months £1,128, 29, 28, 27, 26, 26 50, 27, 28, 27.50, 28, 28.50, 28, 30, 29, 29.50. Kerb: Three months £1,130, 30 50, 31, 31.50, 32, 31, 30, 29. Turnover: 26,550 tonnes.

NICKEL

Nickel — Morning: Three months £3,425, 20, 10, 20, 15, 20, 21. Kerb: Three months £3,420, 15. Afternoon: Three months £3,420, 16, 10, 12, 15. Kerb: Three months £3,412, 10, 05, 08, 10, 12, 20, 15. Turnover: 942 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3335-6	—58.5	3325-30	—57.5
3 months	3420-1	—56	34125-	—39.5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

LME—Turnover: 60 (98) lots of 10,000 ounces. Morning: Three months 845.0, 43.5. Kerb: Untraded. Afternoon: Three months £843.0, 42.0. Kerb: Three months 842.0.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	825.60p	+3.50	821.25p	—3.55
3 months	845.00p	+3.30	840.75p	—3.75
6 months	866.00p	+3.60	—	......
12 months	907.00p	+3.60	—	......

Silver was fixed 3.5p an ounce higher for spot delivery in the London bullion market yesterday at 825.6p. U.S. equivalents of the fixing levels were: spot $12.38, up 4c; three-month $12.688, up 3.7c; six-month $13.015, up 3.8c; and 12-month $13.664, up 3.2c. The metal opened at 820½-823p ($12.31-12.35) and closed at 820½-823p ($12.30-12.34).

COCOA

Although £20 lower during the morning futures steadied thereafter and the recovery was maintained. Producers remained withdrawn but consumers re-entered the market and were actively trading both cocoa beans and products, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	1392-00	+20.5	1396-64
Dec	1436-37	+14.0	1440-03
March	1460-61	+27.0	1461-16

GRAINS

Mnth.	WHEAT Yestrday's close	+ or —	BARLEY Yestday's close	+ or —
Sep	123.40	—0.40	116.50	—0.15
Nov	124.70	—0.70	119.20	—0.30
Jan	127.70	—0.85	122.20	—0.48
Mar	130.40	—0.55	125.15	—0.25
May	132.95	—0.85	127.45	—0.85
July	135.10	—0.85	—	—

Wheat was quiet, meeting merchants selling at 25p up to gradually drift for the rest of the day. Barley followed a similar pattern with strong country selling, reports Muirpace.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 14 per cent: Sept 134.50, Oct 134.75, Nov 136 transhipment East Coast sellers. English feed, fob: 1st-half Oct 128, Oct 128.50 East Coast sellers, Sept 124, Oct/Dec 127.75 paids East Coast. Maize: French: Sept 144 transhipment East Coast seller. Barley: English feed, fob: Sept 119.50, Oct/Dec 124 East Coast sellers. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 115.80, S. West 115.00, W. Midlands 114.10, N. East 114.50. The UK monetary coefficient for the week beginning Monday, September 12 (based on HGCA calculations using five days exchange rates) is expected to remain unchanged.

POTATOES

Rumours of a PMB announcement (not forthcoming) and signs of an easing in physical prices brought futures down, reports Coley and Harper.

Month	Yestday's close	Previous close	Business Done
	£ per tonne		
Nov	168.30	175.30	175.5-168.0
Feb	199.00	208.00	208.0-199.0
April	231.70	241.20	240.0-231.0
May	236.50	246.00	245.0-236.0
Nov	83.50	83.50	—

Turnover: 1,139 (1,126) lots of 40 tonnes.

RUBBER

The physical market opened slightly easier, attracted little interest throughout the day and closed quiet, reported Lewis and Peat. The Kuala Lumpur September fob price for RSS No 1 was 262.0 (same) cents a kg and for SMR20 224.0 (224.5).

No. 1 R.S.S.	Yestday's close	Previous close	Business Done
	£ per tonne		
Oct	793-803	792-795	—
Nov	794-795	790-793	795
Oct-Dec	793-795	791-792	—
Jan-Mch	816-818	811-812	818-815
Apl-Jne	836-837	830-831	—

MEAT/FISH

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 77.0 to 82.0; English forequarters 55.5 to 60.0; Eire hindquarters 90.0 to 94.5. Veal—Dutch hinds and ends 140.0 to 145.0. Lamb—English small 60.0 to 64.0; medium 60.0 to 64.0, heavy 57.5 to 60.5; Imported: New Zealand PL 57.8 to 58.5. Pork—English under 100 lb 38.0 to 50.0, 100-120 lb 42.0 to 48.0, 120-160 lb 37.5 to 43.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.72p per kg lw (+0.59). GB—Sheep 128.52p per kg est dcw (+15.69). GB—Pigs 72.26p per kg lw (+4.77).

GRIMSBY FISH—Supply fair; demand good. Prices at ship's side (unprocessed) per stone: shelf cod £5.00-£6.50, codlings £4.50-£5.00; large haddock £3.80-£4.80, medium £3.50-£4.00, small £2.40; large plaice £6.00-£6.50, medium £5.00-£6.00, best small £4.70-£5.00; skinned dogfish (large) £10.00, (medium) £7.50; lemon sole (large) £12.00, (small) £7.00; rockfish £2.00-£2.80.

INDICES

FINANCIAL TIMES

AMERICAN MARKETS

NEW YORK, September 6.

PRECIOUS METALS opened strong, but did not hold their gains as tired longs began to liquidate their positions later in the day. Rumours that the Soviets admitting shooting down the Korean airliner provided the negative psychology in the market. Copper prices rallied along with the financial instruments and on an early rally in sterling which attracted arbitrage interest. Sugar prices came under pressure as the market continues to fail to react to bullish news regarding poor yields in the European beet crops. Cocoa declined sharply early in the day but recovered some of the losses on strong indications from the Ivory Coast that their crop would be lower than earlier expected. Coffee prices declined nominally as the thin trading attracted little commercial or speculative interest. Heating oil opened sharply lower but never recovered on slow demand and a seasonal build-up in stocks. Cotton prices slipped slightly on forecasts of light showers in the delta. Maize and soyabeans rallied steadily throughout the day on indications of further deterioration of the crops. Wheat finished lower on some commercial selling, reports Heinold Commodities Ltd.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
July	2085	2089	2065	2105
Sept	2100	—	—	2115
Dec	2120	2120	2120	2158
	Close	High	Low	Prev
Sept	2003	2003	1920	2000
Dec	2029	2033	1971	2041
March	2059	2060	2010	2070
May	2065	2065	2035	2094

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Sept	132.55	132.65	132.10	132.45
Dec	129.96	130.30	129.70	130.37
Mar	128.15	128.25	127.75	128.05
May	125.75	126.45	125.72	126.25

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Oct	10.24	10.64	10.20	10.48
Jan	11.00	11.18	10.90	11.08
March	11.52	11.96	11.50	11.80
May	11.85	12.27	11.85	12.12
July	12.10	12.52	12.10	12.32
Sept	12.30	12.70	12.30	12.53
Oct	12.50	12.95	12.50	12.78
Jan	12.50	—	—	12.78

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	57.05	57.05	55.35	55.56
Dec	58.10	58.17	56.45	56.87

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Money supply fears unsettle dollar

The dollar fluctuated in rather confused trading yesterday to finish close to its best level of the day but still slightly down from Monday. Early trading in Europe was restricted ahead of the opening of U.S. markets after the long weekend, with the dollar losing a little ground in the wake of last Friday's fall in U.S. M1 money supply. However early reaction in New York pushed the dollar higher with the market probably looking at this week's expected rise in money supply figures.

Sterling finished a little above the day's lows but was still weaker overall. UK interest rates were a little easier, reflecting a favourable reaction to yesterday's UK money supply figures.

DOLLAR — Trade weighted index (Bank of England) 128.8 against 119.9 six months ago. The latest figures on money supply have given rise to cautious optimism, although fears remain about a September bulge in M1. The dollar has recently been at record levels on fears of higher U.S. interest rates, as a result of the U.S. budget deficit and money supply growth.

The dollar closed at DM 2.6805 from DM 2.6840 and FFr 8.0675 compared with FFr 8.0775. It was also down against the yen at Y245.75 from Y246 but improved slightly against the Swiss franc to SwFr 2.1775 from SwFr 2.1770.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. August average 1.5027. Trade weighted index 85.1 against 85.0 at noon and 85.2 at the opening and compared with 85.4 on Monday and 79.6 six months ago. The pound has been quite steady recently but is beginning to look a little fragile against European currencies as upward pressure eases on interest rates. As with other currencies it is currently a hostage to the varying fortunes and fluctuations of the U.S. dollar.

Sterling opend at 1.5005 against the dollar and traded between $1.4975 and $1.5030 before closing at $1.4985-1.4995, a fall of just 10 points. It was lower against the D-mark at DM 4.02 from DM 4.0275 and FFr 12.09 from FFr 12.11. It was unchanged against the Swiss franc at SwFr 3.2650 but slipped in terms of the yen to Y368.75 from Y369.0.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. August average 2.6736. Trade weighted index 125.7 against 129.2 six months ago. Until the recent slowdown in U.S. M1 money supply growth, the D-mark was at its lowest level for nearly 10 years against the dollar, reflecting the large differential between U.S. and German interest rates. A softer trend in U.S. rates might be sufficient to put a rise in German interest rates however.

The dollar was fixed at DM 2.6718 at yesterday's fixing in Frankfurt down from DM 2.6811 on Monday and the Bundesbank sold an estimated $13½m at the fixing. Activity remained at a low level ahead of the opening of New York. Elsewhere sterling fell to DM 4.0040 from DM 4.0250 on Monday and an opening level of DM 4.0180.

FRENCH FRANC — Trading range against the dollar in 1983 is 8.22 to 6.6060. August average 8.0427. Trade weighted index 67.9 against 74.6 six months ago. The franc is quite firm against its EMS partners, but stability within the system has been helped by the weakness of the D-mark against the dollar. Any sustained dollar decline and increased demand for the D-mark could renew the strains from which the EMS and currencies such as the franc have suffered from time to time.

The French franc was a little weaker overall at yesterday's fixing in Paris but maintained its overall strong position within the European Monetary System. The D-mark rose to FFr 3.0112 from FFr 3.0108 and the Belgian franc was firmer at FFr 14.9740 per BFr 100 from FFr 14.9715. The dollar was easier however at FFr 8.0440 from FFr 8.0710 and sterling also lost ground to FFr 12.0730 from FFr 12.1220.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.7876	+1.98	+1.24	±1.5447
Danish Krone ...	8.14104	8.18427	+0.53	−0.21	±1.6425
German D-Mark	2.24184	2.27660	+1.55	+0.81	±1.0642
French Franc ...	6.87456	6.85494	−0.29	−1.03	±1.4052
Dutch Guilder ...	2.52595	2.54664	+0.82	+0.08	±1.4964
Irish Punt	0.72569	0.723758	−0.27	−1.01	±1.6699
Italian Lira	1403.49	1359.15	−3.16	−3.16	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Sept. 6	£	$		£ Note Rates
Argentina Peso...	17.18-17.23	11.456-11.476	Austria	28.10-28.40
Australia Dollar...	1.7080-1.7100	1.1385-1.1395	Belgium	80¾-81½
Brazil Cruzeiro...	1,023.00-1,028.19	682.0-685.0	Denmark	14.36-14.51
Finland Markka...	8.5800-8.6035	5.7225-5.7275	France	12.03-12.15
Greek Drachma...	138.60-139.05	92.30-92.60	Germany	3.99½-4.03½
Hong Kong Dollar	11.44¾-11.47¾	7.6350-7.6425	Italy	2365-2410
Iran Rial	130.95*	87.50*	Japan	369-373
Kuwait Dinar (KD)	0.437-0.4438	0.29195-0.29205	Netherlands	4.46¾-4.51¾
Luxembourg Fr.	80.60-81.70	53.78-53.80	Norway	11.16-11.27
Malaysia Dollar...	3.5275-3.5435	2.3525-2.3545	Portugal	183-205
New Zealand Dlr.	2.3030-2.3080	1.5360-1.5385	Spain	218½-234
Saudi Arab. Riyal	5.2120-5.2180	3.4795-3.4810	Sweden	11.79-11.91
Singapore Dollar	3.2150-3.2300	2.1440-2.1460	Switzerland	3.24¼-3.27¼
Sth. African Rand	1.6895-1.6905	1.1270-1.1275	United States	1.49-1.51
U.A.E. Dirham...	5.4990-5.5045	3.6710-3.6720	Yugoslavia	182-195

* Selling rates.

CURRENCY MOVEMENTS

Sept. 6	Bank of England Index	Morgan Guaranty Change %
Sterling	85.1	−6.1
U.S. dollar	128.8	+17.1
Canadian dollar	92.9	+1.5
Austrian schilling	116.4	+5.4
Belgian franc	91.1	−11.0
Danish kroner	79.8	−5.1
Deutsche mark	125.7	+6.7
Swiss franc	150.7	+11.9
Guilder	115.6	+4.2
French franc	67.9	−14.5
Lira	50.3	−10.5
Yen	146.4	+5.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

SEPT. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.699913	0.56718
U.S. $	8½	1.04903	0.851863
Canadian $	9.54	*	1.04813
Austria Sch	5¾	19.7089	16.0065
Belgian F	9	56.3644	45.7876
Danish Kr	7½	10.0838	8.18427
D mark	4	2.80280	2.27660
Guilder	4½	3.13503	2.54664
French F	9½	8.43840	6.85494
Lira	17	1673.47	1359.15
Yen	5½	258.219	209.132
Norwgn Kr	9	7.82052	6.33254
Spanish Pta	—	158.770	129.100
Swedish Kr	8½	8.27318	6.71523
Swiss Fr	4	2.27818	1.85093
Greek Dr'ch	20½	N/A	78.8314

* CS/SDR rate for Sept. 5 unavailable.

THE POUND SPOT AND FORWARD

Sept 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4975-1.5030	1.4985-1.4995	0.02-0.07c dis	−0.36	0.17-0.22ds	−0.52
Canada	1.8420-1.8480	1.8445-1.8455	0.13-0.03c pm	0.52	0.15-0.05 pm	0.22
Nethlnd.	4.47½-4.50½	4.49½-4.50½	1⅝-1¼c pm	4.00	4⅛-3⅝ pm	3.44
Belgium	80.45-80.90	80.60-80.70	10c pm-par	0.74	12-2 pm	0.35
Denmark	14.39-14.44	14.41½-14.42½	5½-6⅞ore dis	−5.15	8⅛-9⅝ dis	−2.60
Ireland	1.2710-1.2790	1.2770-1.2780	0.22-0.27p dis	−2.30	0.61-0.68dis	−2.02
W. Ger.	4.00-4.03	4.01½-4.02½	1⅝-1½pf pm	4.48	4⅛-3⅝ pm	3.85
Portugal	185.25-186.75	185.50-186.00	175-445c dis	−20.03	515-1215ds	−18.63
Spain	226.75-228.00	227.25-227.50	250-350c dis	−15.83	1000-1160ds	−19.00
Italy	2,389-2,398	2,391½-2,393½	15-17lire dis	−8.02	45½-48½dis	−7.86
Norway	11.16½-11.21½	11.17½-11.18½	2⅞-3⅛ore dis	−3.56	9⅝-10½dis	−3.60
France	12.05-12.10	12.08½-12.09½	3-4c dis	−3.47	15-17 dis	−5.29
Sweden	11.80½-11.84½	11.82-11.83	1⅞-2⅛ore dis	−2.16	5⅛-5⅞ dis	−1.86
Japan	367½-370	368¼-369¼	1.05-0.95y pm	3.25	2.75-2.55pm	2.87
Austria	28.10-28.27	28.20-28.25	11⅝-8⅝gro pm	4.33	28½-23½ pm	3.68
Switz.	3.24½-3.27½	3.26-3.27	1½-1¼c pm	5.51	4⅛-3⅞ pm	5.05

Belgian rate is for convertible francs. Financial franc 81.05-81.15. Six-month forward dollar 0.40-0.45c dis. 12-month 0.70-0.80c dis.

THE DOLLAR SPOT AND FORWARD

Sept 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4975-1.5030	1.4985-1.4995	0.02-0.07c dis	−0.36	0.17-0.22dis	−0.52
Ireland†	1.1730-1.1785	1.1730-1.1740	0.36-0.30c pm	3.37	0.92-0.82 pm	2.96
Canada	1.2290-1.2310	1.2305-1.2310	0.07-0.04c pm	0.54	0.21-0.18 pm	0.63
Nethlnd.	2.9875-3.0010	2.9990-3.0010	1.12-1.02c pm	4.29	2.98-2.88 pm	3.91
Belgium	53.70-53.85	53.78-53.80	6-5c pm	1.23	13-10 pm	0.85
Denmark	9.5975-9.6175	9.6000-9.6050	2.30-2.80ore dis	−3.18	0.75-1.25dis	−0.41
W. Ger.	2.6690-2.6835	2.6800-2.6810	1.08-1.03pf pm	4.73	2.95-2.90 pm	4.37
Portugal	123.80-124.40	123.80-124.10	115-290c dis	−19.60	330-790ds	−18.06
Spain	151.30-151.80	151.65-151.70	170-220c dis	−15.43	675-775ds	−19.12
Italy	1,594½-1,597½	1,596-1,597	10-10½lire dis	−7.70	29½-31 dis	−7.58
Norway	7.4500-7.4630	7.4580-7.4630	1.85-2.15ore dis	−3.22	5.60-5.90 ds	−3.08
France	8.0425-8.0725	8.0650-8.0700	2.10-2.25c dis	−3.24	9.60-10.00ds	−4.87
Sweden	7.8775-7.8930	7.8860-7.8910	1.10-1.30ore dis	−1.82	2.55-2.75dis	−1.34
Japan	245.20-246.20	245.70-245.80	0.70-0.65y pm	3.30	2.10-2.02pm	3.35
Austria	18.77½-18.82½	18.80-18.81	7.80-7.00gro pm	4.72	21.00-18.50pm	4.20
Switz.	2.1690-2.1785	2.1770-2.1780	1.15-1.10c pm	6.21	3.10-3.05 pm	5.66

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 54.08-54.13.

EXCHANGE CROSS RATES

Sept. 6	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.499	4.020	368.8	12.09	3.265	4.500	2393.	1.845	80.65
U.S. Dollar	0.667	1.	2.682	246.0	8.064	2.177	3.002	1596.	1.231	53.80
Deutschmark	0.249	0.373	1.	91.73	3.007	0.811	1.119	595.1	0.459	20.06
Japanese Yen 1,000	2.712	4.065	10.90	1000.	32.79	8.848	12.20	6488.	5.003	218.7
French Franc 10	0.827	1.240	3.325	305.0	10.	2.696	3.722	1979.	1.526	66.71
Swiss Franc	0.306	0.459	1.231	112.9	3.703	1.	1.378	732.8	0.565	24.70
Dutch Guilder	0.222	0.333	0.893	81.94	2.687	0.726	1.	531.7	0.410	17.92
Italian Lira 1,000	0.418	0.627	1.680	154.1	5.055	1.360	1.881	1000.	0.771	33.71
Canadian Dollar	0.542	0.812	2.179	199.9	6.553	1.769	2.439	1297.	1.	43.71
Belgian Franc 100	1.240	1.859	4.985	457.2	14.99	4.031	5.580	2967.	2.288	100.

FINANCIAL FUTURES

Quiet trading

Euro-dollar prices were slightly easier overall in the London International Financial Futures Exchange yesterday. The market appeared to be treading water ahead of the entry of U.S. markets after the long weekend in order to gauge the reaction to Friday's better than expected M1 money supply figures. Initial trading in the U.S. comprised profit taking, bringing to a halt the recent firmer trend. Short term factors suggesting a firmer cash market included an expected technical bulge in U.S. money supply figures later this month together with liquidity shortages caused by the authorities' next refunding package.

Having weathered the fluctuations due later this month, the market is looking to be a lot more confident, aided by signs of a slowdown in the U.S. economic recovery and a consequent shrinking in the opportunities for the Federal authorities to push rates firmer. In addition recent fears of the need to tighten have been countered by better money supply figures, although these are notoriously vulnerable to seasonal distortions. The December Euro-dollar contract in London opened at 89.45 compared with Monday's close of 89.46 and traded in an 8 point spread before finishing at 89.43.

Gilt futures were boosted by an encouraging set of UK money supply figures with the December price opening at 103-31 and rising to a best level of 104-12 before closing at 104-10. Short sterling contracts showed little overall movement, hampered by a virtually static cash market.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Sept	90.00	90.04	90.00	90.04
Dec	89.43	89.48	89.41	89.46
March	89.12	89.20	89.13	89.18
June	88.90	89.00	88.90	88.94
Sept	88.70	—	—	88.72

Volume 1,499 (946)
Previous day's open int. 5,379 (5,255)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Sept	90.40	90.42	90.40	90.38
Dec	89.93	89.98	89.93	89.94
March	89.60	89.66	89.60	89.59
June	89.44	89.45	89.44	89.35
Sept	89.18	—	—	89.08

Volume 695 (571)
Previous day's open int. 3,973 (4,043)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Sept	102-05	102-05	101-30	101-28
Dec	104-10	104-12	103-26	103-28
March	103-30	103-30	103-27	103-16
June	103-16	—	—	103-02
Sept	103-02	—	—	102-20

Volume 1,499 (1,740)
Previous day's open int. 4,599 (4,700)
Basis quote (clean cash price of 15½% Treasury 1986 less equivalent price of near futures contract) par-08 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.4998	1.5015	1.4985	1.5010
Dec	1.5016	1.5035	1.4995	1.5033
March	1.5073	—	—	1.5048

Volume 383 (125)
Previous day's open int. 1,038 (1,069)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3740	0.3744	0.3740	0.3730
Dec	0.3782	0.3788	0.3779	0.3770
March	0.3826	—	—	0.3813

Volume 9.7 (273)
Previous day's open int. 443 (509)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.4607	0.4610	0.4607	0.4602
Dec	0.4670	0.4676	0.4669	0.4662
March	—	—	—	—

Volume 50 (175)
Previous day's open int. 268 257)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4073	—	—	0.4067
Dec	0.4106	0.4111	0.4105	0.4103
March	—	—	—	—

Volume 37 (165)
Previous day's open int. 292 (287)
Close High Low Prev

CHICAGO

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	69-03	69-09	69-02	68-13
Dec	68-02	68-20	67-31	67-14
March	67-06	67-16	67-06	66-19
June	66-16	66-22	66-15	65-29
Sept	6-00	66-00	65-30	65-12
Dec	—	—	—	64-30
March	—	—	—	—
June	—	—	—	64-08
Sept	—	—	—	—
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

THREE-MONTH EURODOLLAR (IMM) $1b points of 100%

	Latest	High	Low	Prev
Sept	89.73	89.75	89.70	89.55
Dec	89.17	89.21	89.15	88.92
March	88.83	88.87	88.78	88.59
June	88.62	88.66	88.62	88.38

STERLING (IMM) $ per £

	Latest	High	Low	Prev
Sept	1.4985	1.5025	1.4980	1.4950
Dec	1.5010	1.5045	1.5000	1.4975
March	1.5040	1.5060	1.5040	1.5000
June	—	1.5090	—	1.5020
Sept	—	—	—	—
Dec	—	—	—	—

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	90.27	90.30	90.23	90.07
Dec	89.61	89.65	89.57	89.35
June	89.01	89.04	88.98	88.77

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	70-20	71-04	70-20	69-24
Dec	70-03	70-20	70-02	69-06
March	69-18	70-04	69-18	68-23
June	69-08	69-22	69-08	68-11
Sept	68-29	69-10	68-28	68-01
Dec	68-22	68-28	68-22	67-24
March	—	—	—	67-18
June	—	—	—	67-10
Sept	—	—	—	—
Dec	—	—	—	—
March	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.31	90.40	90.30	90.13
March	89.98	90.05	89.97	89.80
June	89.78	89.93	89.77	89.58
Sept	89.58	89.61	89.58	89.40
Dec	89.40	89.43	89.39	89.22
March	89.30	89.30	89.25	89.08
June	—	89.14	89.12	88.96

MONEY MARKETS

London rates slightly easier

UK clearing bank base lending rate 9½ per cent (since June 14)

Interest rates were slightly easier where changed in the London money market yesterday. The market took heart from an encouraging set of money supply figures, although reaction may have been rather muted as attention focussed once again on U.S. markets. Short term interbank rates finished on a soft note despite the apparent gap between the Bank of England's published forecast and the total of assistance given. Overnight money opened at 9-9½ per cent and rose to 9¾ per cent before slipping away to 7 per cent.

The Bank of England forecast a shortage of around £100m with factors affecting the market including maturing assistance and a take up of Treasury bills —£60m and Exchequer transactions —£180m. These were partly offset by a fall in the note circulation of £80m. The Bank gave assistance in the morning of £19m, comprising purchases of £13m of eligible bank bills in band 3 (34-6 3 days) at 9 7/16 per cent and £6m in band 4 (64-91 days) at 9⅜ per cent. Further help was given in the afternoon through purchases of £3m of eligible bank bills in band 3 at 9 7/16 per cent.

In Frankfurt call money was still trading between 5.1 per cent and 5.2 per cent, reflecting continued demand for liquidity. The possibility of a rise in the Lombard rate from the current level of 5 per cent at tomorrow's meeting of the Bundesbank central council has encouraged banks to seek reserves beforehand, with borrowing's under the Lombard facility for Monday calculated at DM 22.9bn compared with DM 23.5bn on Friday and less than DM 11bn on Thursday.

In Amsterdam the Dutch central bank announced its intention to offer special advances at 5½ per cent from September 8 to 15 to bolster market liquidity. The amount allocated will not be known until after today's applications but the new facility will replace a similar maturing agreement worth Fls 4.4bn.

In Paris interest rates on the latest Treasury bill tenders rose sharply with three-month Treasury bills at 12 11/16 per cent up from 12½ per cent the previous month. A total of FFr 3.01bn of bills was sold.

LONDON MONEY RATES

Sept. 6 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	7-9¾	9-9¼	—	—	9-9½	8½-9⅜	—	—	—
2 days notice	—	—	9¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9½-9⅝	—	—	—	—
7 days notice	—	9⅛-9⅜	9¼-9⅜	—	—	—	9¼	—	—	—
One month	9 9/16-9½	9½-9⅝	9½	10-9¾	9½	9⅞	9⅜	9½	9½	10⅛
Two months	9⅝-9 9/16	9⅝-9¾	9⅝	10⅛-9⅞	9¾	10	9⅝	9 7/16	9 7/16	10 3/16
Three months	9 11/16-9⅝	9⅝-9 11/16	9⅝-9¾	10¼-10	9 11/16	10	9⅜-9½	9 11/32	9⅝	10
Six months	9⅞-9 13/16	10-10 1/16	10	10⅛-9⅞	10⅛	—	—	—	9 13/16	10 3/16
Nine months	10 1/16-9 15/16	10¼-10⅜	10	10⅝-10¼	10⅝	—	—	—	—	—
One year	10⅛-10	10 3/16-10 5/16	10⅝	10⅝-10½	10½	—	—	—	—	—
Two years	—	—	11⅛-11⅝	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average Rate for interest period August 3 to September 6 1983 (inclusive) 9.930 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11¼-11½ per cent; four years 11⅝ per cent; five years 11⅝-11¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rate for four-months bank bills 9 21/32 per cent; four months trade bills 10 3/32 per cent.

Approximate selling rate for one month Treasury bills 9 7/16 per cent; two months 9 11/32 per cent and three months 9 3/32 per cent. Approximate selling rate for one month bank bills 9 7/16-9 15/32 per cent; two months 9 13/32 per cent and three months 9 21/32 per cent; trade bills 9⅞ per cent; two months 9 13/16 per cent and three months 9¾ per cent.

Finance Houses Base Rate (published by the Finance Houses Association) 10 per cent from September 1, 1983. London and Scottish Clearing Bank Rates for lending 9½ per cent. London Deposit Rates for sums at seven days' notice 6 per cent.

Treasury Bills: Average tender rates of discount 9.3343 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9¾ per cent; one-three months 10 per cent; three-six months 10¼ per cent; six-12 months 10¾ per cent. Under £100,000 9½ per cent from September 1. Deposits held under Series 4-5 10 per cent. The rates for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES

(Market closing rates)

Sept. 6	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	9-9¼	9¼-9⅜	9 7/16-9 9/16	9⅝-9¾	10-10⅛	10 1/16-10 3/16
U.S. Dollar	9⅜-9⅝	9½-9¾	9 11/16-9 13/16	10-10¼	10⅜-10⅝	10¾-11
Can. Dollar	8¾-9¼	8¾-9¼	8 15/16-9 5/16	9 1/16-9 7/16	9¾-10	10⅜-10⅝
D. Guilder	5-5¼	5¼-5½	5⅜-5⅝	5 9/16-5 11/16	6⅜-6½	6 11/16-6 13/16
S. Franc	3¾-4	3½-3¾	4⅛-4¼	4⅜-4½	4 7/16-4 9/16	4 11/16-4 13/16
Deutschm'rk	5⅛-5¼	5⅛-5¼	5 7/16-5 9/16	5⅝-5¾	6-6 1/16	6 7/16-6⅝
Fr'nch Franc	12⅛-12⅝	12¼-12½	12⅝-12⅞	14¾-15	16½-16¾	16¾-17
Italian Lira	15⅜-16½	15¾-17¼	16¾-17¼	17⅜-17⅞	18⅜-18⅞	19⅛-19⅞
Belg. Franc Conv.	7½-8½	7¾-8¼	8⅜-8⅞	9-9½	9¾-10¼	10¼-10¾
Fin.	7½-8	8½-9½	8⅝-8⅞	9⅛-9⅜	9⅝-9⅞	10-10¼
Yen	6 1/16-6 5/16	6 1/16-6 5/16	6¾-6⅞	6 7/16-6 9/16	6 7/16-6 9/16	6¾-6⅞
D. Krone	14¾-15¼	15-15½	13-13¼	11⅞-12⅜	11⅝-12⅛	11½-12
Asia $ (Sing.)	9½-9⅝	9 9/16-9 11/16	9 11/16-9 13/16	10⅛-10¼	10 7/16-10 9/16	10 11/16-10 13/16

FT LONDON INTERBANK FIXING

11.00 a.m. SEPTEMBER 6)

3 month U.S. dollars		6 month U.S. dollars	
bid 10 1/16	offer 10 3/16	bid 10 7/16	offer 10 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	9¼-9⅜
Treasury bills (13-week)	9.15
Treasury bills (26-week)	9.36

GERMANY

Lombard	5.0
Overnight rate	5.15
One month	5.60
Three months	5.95
Six months	6.45

FRANCE

Intervention rate	12.25
Overnight rate	12.25
One month	12.4375
Three months	12.4375
Six months	12.50

JAPAN

Discount rate	5.5
Call (unconditional)	6.65625
Bill discount (3-month)	6.78125

SWITZERLAND

Discount rate	4.0
Overnight rate	2-3
One month	4⅛-4¼
Three months	4 7/16-4 9/16

NETHERLANDS

Discount rate	4½
Overnight rate	4⅜-4⅞
One month	5⅜-5⅞
Three months	6-6⅛
Six months	6¼-6½

$ CERTIFICATES OF DEPOSIT

One month	9.55-9.65
Three months	9.75-9.85
Six months	10.15-10.25
One year	10.45-10.55

LONG TERM EURO $

Two years	11¾-12
Three years	12-12¼
Four years	12¼-12½
Five years	12¼-12½

SDR LINKED DEPOSITS

One month	8 13/16-9 1/16
Three months	9 3/16-9 7/16
Six months	9¾-10
One year	9 15/16-10 3/16

ECU LINKED DEPOSITS

One month	8¾-9¼
Three months	9 5/16-9 11/16
Six months	9⅞-10¼
One year	10 5/16-10 11/16

INTERNATIONAL CAPITAL MARKETS

EUROBONDS

Eurodollar market returns to life

By Peter Montagnon, Euromarkets Correspondent

THE Eurodollar bond market suddenly sprang to life yesterday with the launch of a $200m issue for Ontario Hydro and a $100m bond for the European Economic Community.

Both issues were well-received in a market that remains buoyed up by last week's $1.4bn fall in the U.S. money supply. The Ontario Hydro issue, which is led by Deutsche Bank, started life at $150m but was almost immediately increased by $50m because of good investor response.

Nonetheless, dealers in the secondary market caution that trading remains fairly thin, with investors still only making sporadic purchases of bonds. Prices of Eurobonds closed only slightly higher yesterday after Monday's strong gains which suggests that the market has not yet embarked on a sustained rally.

The Ontario Hydro bonds benefitted from the borrower's highly marketable name in the Euromarket. The issue is a seven-year bullet with a coupon of 11¾ per cent and issue price of 99¼ and was quoted last night at a narrow discount of around ⅞ per cent by its lead manager, Deutsche Bank.

The EEC's issue bears a coupon of 12 per cent over 10 years and is expected to be priced at 99½ per cent or par by lead managers Credit Suisse First Boston, Deutsche Bank and Société Générale. Yesterday it traded at a discount of 1½ per cent, well within the 2 per cent total fees.

Separately Credit Suisse First Boston and Sumitomo Finance also launched a $100m floating rate note for Spanish national railways, RENFE. The bonds bear interest at a margin of ¼ per cent over six months Libor. Issue price is par and maturity date 1991.

In Germany secondary market prices firmed slightly on news of the smaller than expected new issue calendar for September. Yesterday saw the launch of the final issue in the August calendar with a DM 150m, eight year 8⅛ per cent issue for Ireland. The bond is priced at 99½ and led by Commerzbank. Also priced yesterday was the DM 50m convertible issue for Asics Corp. The bonds bear a coupon of 5 per cent at par and a conversion premium of 3.6 per cent.

In Switzerland, the *SwFr 100m* eight-year issue for Sumitomo Heavy Industries has been priced with a coupon of 6 per cent at 99½ by lead managers Swiss Bank Corporation. The World Bank is raising SwFr 250m through a two-tranche private placement led by Credit Suisse. A three-year SwFr 150m tranche will bear interest at 5½ per cent and a five-year SwFr 100m tranche has a coupon of 6 per cent.

The EEC's 10-year 11¼ per cent ECU issue has been raised to ECU 70m from ECU 50m and priced at 100½ by lead manager Algemene Bank Nederland.

The coming month's D-Mark new issue calendar comprises: September 8, DM 200m for EIB; September 13, DM 150m for Beatrice Foods; September 19, DM 200m for Electricité de France, all lead managed by Deutsche Bank; and October 4, a DM 150m private placement for World Bank, lead managed by DG Bank.

Saga nears agreement on reduced loan

By Fay Gjester in Oslo

SAGA PETROLEUM, Norway's independent oil company, has amended its borrowing plans and will now seek a somewhat smaller loan than the $900m it originally hoped to raise on the international capital market, Mr Asbjorn Larsen, managing director, said in Oslo. He believed the loan would be finalised before the end of the year.

A year ago, Saga mandated a group of six banks to raise a $900m, 12-year loan. The money was needed to refinance old debts and to cover Saga's share of costs in North Sea development schemes.

The loan plans were stalled by last winter's oil price fall, and later the banks told Saga it would have to increase its equity before funds would be forthcoming.

Deals with Volvo of Sweden and Norway's Kvaerner group, arranged during the summer, have achieved that and Saga can now with a smaller loan.

Mr Larsen said, he could not say how much smaller, the six banks involved are Morgan Guaranty, Christiania Bank, Citicorp, Den norske Creditbank, Union Bank of Norway and Bergen Bank. Citicorp is the coordinator for the group.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for September 6.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amax O/S Fin 10¼ 90	100	92⅞	93⅛	+0⅛	+0½	11.84
Bank of America 8 88 XW	150	85	85½	+0⅞	+0¾	12.42
Bank of Tokyo Hold 11 90	100	93¼	93¾	+0⅛	0	12.47
British Col Hyd 10¼ 88	200	95¾	96¼	-0⅛	-0¼	11.39
C.C.C.E. 11¾ 97	100	92⅛	92⅝	+0⅛	+0⅛	12.92
C.I.B.C. 11 90	75	90⅛	90⅞	0	-1½	13.20
Citicorp O/S 10¾ 90	100	91¼	91¾	+0⅝	-0⅜	12.28
Coca Cola Int 9⅞ 92	100	90⅞	91⅜	+0⅛	+1	11.51
Cred Suisse BAH 10½ 90	150	94	94½	0	-0½	11.78
Credit Suisse 10½ 89	100	95⅛	95⅝	0	+0¾	11.55
Den Norsk Cred 11⅛ 93	50	91⅝	92⅛	0	+0⅛	12.73
Du Pont 11¾ 95	150	97⅝	98⅛	0	+0⅛	11.57
E.C.S.C. 11⅞ 90	75	98⅛	98⅝	+0⅛	+0⅝	12.22
E.D.C. 10¾ 88	100	96¼	96¾	-0⅛	-0¼	11.78
E.D.C. 11¾ 87	100	99⅛	99⅝	-0⅛	-0⅜	11.92
E.D.F. 11⅛ 93	100	91	91½	+0⅜	+0⅞	12.72
E.E.C. 10¾ 95	75	88⅜	88⅞	0	-0⅛	12.65
E.E.C. 11 87	350	97¾	98¼	+0⅛	+1⅛	11.65
E.I.B. 10¾ 93	200	91⅛	91⅝	+0⅜	+0⅜	12.38
E.I.B. 11 91	125	93⅜	93⅞	0	-0¼	12.32
Electrolux 10½ 90	50	90⅜	90⅞	0	-0⅝	12.62
Enserch Fin 11⅝ 93	100	92⅝	93⅛	-0⅛	+0⅜	12.93
Fuji Int Fin 10⅞ 90	100	91¼	91¾	+0⅛	+0⅛	12.81
Gen Elec Credit 9¾ 91	100	89⅞	90⅜	-0½	+0⅝	11.72
GMAC O/S Fin 10½ 90	200	94⅝	95⅛	+0⅛	+0⅛	11.65
Honeywell Int 10¾ 90	100	96⅝	97⅛	+0⅛	+0⅞	11.42
Indust Bk Japan 10⅞ 88	100	95½	96	0	0	12.08
Japan Air Lines 10⅞ 88	42	90⅛	90⅝	+0⅛	+0¾	12.30
Japan Air Lines 11 93	75	93¾	94¼	-0⅜	+0⅜	12.86
J. P. Morgan 11⅜ 90 XW	150	97¼	97¾	0	0	11.92
Levi Strauss Int 11 90	75	94½	95	-0⅛	-0⅜	12.18
L.T.C.B. 10¾ 90	100	90¾	91¼	+0⅛	-0¼	12.79
Merrill Lynch 10⅝ 90	200	93	93½	+0⅜	+0⅝	12.13
Midland Int Fin 11½ 92	150	95⅝	96⅛	+0⅛	+0½	12.25
Mitsubishi Corp 10½ 90	100	92½	93	+0⅛	+0⅝	12.12
Mitsubishi Fin 11⅜ 90	100	94½	95	+0⅛	+0⅛	12.54
Nippon Credit 11 90	100	91⅝	92⅛	+0⅛	+0⅜	12.85
Nippon Credit 11¼ 93	100	92	92½	+0⅛	+0¼	12.67
O.K.B. 10 91	100	89⅛	89⅝	+0¼	+0⅜	12.19
Ontario Hydro 10¼ 90	250	92⅞	93⅜	-0⅛	-0½	11.76
Ontario Hydro 11¼ 89	200	98¾	99¼	0	+0¼	11.45
Ontario Hydro 12¾ 92	200	102⅝	103⅛	-0¼	+0⅛	12.20
Prudential O/S 10⅝ 93	100	94¼	94¾	+0⅛	+0⅛	11.58
Prudential O/S 12¼ 87	150	103⅝	104⅛	-0⅛	-0½	11.49
Saskatchewan Pr 10¾ 90	125	93¾	94¼	-0⅛	+0⅛	12.10
S.N.C.F. 11½ 93	100	94¾	95¼	0	+0½	12.39
Sth Cal Edison 10½ 90	75	94⅛	94⅝	+0⅛	+0⅞	11.74
Sumitomo Fin 10⅞ 90	100	91¼	91¾	+0¼	+0¼	12.80
Swiss Bk Corp 10⅛ 90	125	95⅛	95⅝	-0⅛	+0½	11.28
Texaco Capital 9¾ 90	150	92¼	92¾	+0⅛	+0¾	11.42
U.B.S. 10 88	100	96⅛	96⅝	0	+0¼	11.08
U.B.S. 11 89	150	99⅞	100⅜	+0⅛	-0⅝	10.95
Westpac Int Fin 11 90	100†	90½	91	+0¼	0	13.13
World Bank 10⅜ 88	150	95⅛	95⅝	+0⅜	+0⅜	11.69
World Bank 10⅞ 93	100	92⅝	93⅛	+0⅛	+0½	12.15
World Bank 11¼ 88	100	97⅛	97⅝	+0¼	+0½	11.87
World Bank 11½ 90	150	96½	97	+0⅛	+0⅛	12.21

Av. price changes: on day +⅛, on week +¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7¾ 93	100	97⅜	98⅛	+0¾	-0¼	7.63
A.N.A.S. 8⅛ 88	100	99⅞	100⅛	+0¼	+0¼	8.30
Austria, Rep 7¾ 89	100	98½	99¼	+0¼	+0⅜	7.86
Austria, Rep 8 93	100	99⅜	100⅛	0	+0⅛	7.97
Avon Int Fin 7½ 93	100	97½	98¼	+0⅛	+0½	7.82
B.F.C.E. 8¼ 90	150	100	100¾	+0¼	+0¼	8.17
Comp Tel Nac Esp 8⅝ 93	100	94½	95½	+0⅛	+0⅛	9.27
Deutsche Bank 3¾ 91 WW	240	106⅜	107⅜	+0⅜	+1	2.73
Deutsche Bank 3¾ 91 XW	240	80⅝	81⅛	+0⅛	+0⅛	7.10
Dresdner Finance 4 90 WW	250	108¾	109½	-0⅛	+2⅛	2.52
Dresdner Finance 4 90 XW	250	83⅛	83⅞	0	+1	7.14
E.C.S.C. 8 90	160	99¾	100½	+0⅛	+0⅜	7.98
E.E.C. 8¼ 93	250	100¾	101½	+0⅜	+0⅝	8.07
Eurofima 7½ 90	100	98	98¾	+0⅛	+0⅞	7.81
Finland Rep 7½ 88	150	98⅝	99⅜	+0⅛	-0⅛	7.75
Int-Am Dev Bk 7¾ 93	200	94⅛	94⅞	+0⅛	-0¼	8.60
Int Standard Ele 7¾ 93	100	98¼	99	+0⅛	+0⅜	7.95
Japan Dev Bank 7½ 90	100	98¾	99½	+0⅛	+0⅝	7.66
Kobe City 7 93	120	94⅞	95⅝	+0¼	+0⅛	7.70
L.T.C.B. 8 90	100	99⅛	99⅞	+0⅜	+0⅜	8.09
Renault Acceptance 8 90	150	97¼	98	+0⅛	-0⅛	8.46
S.D.F. France 7⅞ 93	100	96½	97¼	+0¼	+0⅜	8.35
Sth African Tran 8¼ 90	100	98¼	99	+0⅛	-0⅝	8.51
Volkswagen Int 7¼ 93	200	94⅝	95⅜	+0⅛	-0¾	8.01
World Bank 7½ 90	250	96½	97¼	+0⅜	+0⅛	8.11
World Bank 7½ 93	300	95⅛	95⅞	+0⅛	-0½	8.18

Av. price changes: on day +⅛, on week +⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AKZO 5⅝ 93	100	98	98¼	+0⅝	+0½	5.88
Bank of Tokyo 6 91	100	101⅝	101⅞	+0⅛	+0⅛	5.72
Bergen, City of 5¾ 95	40	99	99¼	0	-0¼	5.85
Carls-Tuborg Brw 5¾ 93	80	101	101¼	-0⅛	+0½	5.58
Chujitsuya Co 5⅞ 93	50-	98	98¼	+1	+1¼	6.13
Denmark 6⅜ 91	100	101¼	101½	-0¼	-0¾	6.14
E.D.C. 5⅞ 91	100	98¼	98½	+0¼	+0½	5.64
E I B. 5¾ 93	100	99	99¼	+0¼	-1¾	5.87
Ex-Im Bk Japan 5⅝ 91	100	98	98¼	0	+0¼	5.93
Ind Fond Finland 6¼ 91	40	100⅛	100⅜	-0¼	+0¼	6.19
Int-Am Dev Bk 6⅛ 93	100	101½	101¾	+0¾	+0½	5.90
Japan Dev Bank 5½ 93	100	98⅜	98⅝	+0⅜	-0⅛	5.70
Kansai Elec Power 6 91	100	101⅝	101⅞	-0⅛	-0⅞	5.71
Kawasaki Steel 6⅛ 91	100	101½	101¾	-0⅛	-0⅛	5.88
Montreal Urban 5¾ 93	100	100	100¼	+0⅛	+0⅛	5.73
Mount Isa Finance 6 93	100	102	102¼	0	-0½	5.71
Nisshin Steel 6¼ 91	100	99½	99¾	0	0	6.31
Norsk Hydro 5½ 98	100	97¼	97½	+0⅜	+0½	5.77
Oesterr Draukraft 6 93	100	102½	102¾	+0¼	0	5.64
Oesterr Post 6⅛ 91	100	102¾	103	+0⅜	+0¼	5.66
Quebec Hydro 5½ 93	100†	101	101½	+0⅛	+0⅝	5.33
Sekisui House 6 93	100	101¼	101½	+0⅛	+0¼	5.80
Sumitomo Metal Ind 6 91	100	101¼	101½	+0¼	+0¾	5.77
Tohoku Elec Power 6 93	100	100½	100¾	-0¼	0	5.91
Trizec Corp 6¼ 91	100	101½	101¾	-0¾	-1⅛	5.97
World Bank 5⅝ 93	100	97	97¼	0	+0½	6.82

Av. price changes: on day +⅛, on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	103⅜	104⅜	0	0	7.87
E.I.B. 8¼ 92	15	101⅝	102⅛	-0⅛	-0⅛	7.94
Japan Airlines 7⅞ 87	9†	101¾	102¼	0	0	[illegible]
New Zealand 7⅝ 88	15	101½	102	-0⅛	-0⅛	7.26
World Bank 8⅛ 92	20	102¾	103¼	-0⅛	0	7.87

Av. price changes: on day 0, on week 0.

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
British Col 11¾ 93 CS	25†	94	94½	+0⅛	0	12.70
Can Pac Secs 11⅞ 90 CS	75†	98	98½	0	-0⅛	12.28
Charb France 11⅞ 95 CS	40†	93½	94	0	0	12.81
Norcen 12¾ 93 CS	80†	94½	95	+0⅛	+0⅛	13.74
Quebec Province 12 93 CS	50†	98¼	98¾	0	0	12.64
TD MTG Corp 12½ 88 CS	40†	98⅜	98⅞	0	-0⅜	12.23
Xerox Canada 12 88 CS	40†	98⅝	99⅛	+0⅛	-0⅛	12.31
Forsmarks 11½ 98 ECU	40	102⅝	103⅛	0	0	11.08
Svenska 11¼ 91 ECU	40	99⅛	99⅝	0	0	11.32
Consol Foods 7¼ 88 Fl	100	95	95½	0	0	8.62
Elecs Supply 8¾ 88 Fl	75	95⅜	96⅜	0	0	9.70
Nederland Gas 7½ 88 Fl	100	98⅛	98⅝	+0⅛	+0⅛	7.92
Philips Lamps 7¼ 88 Fl	100	97	97½	0	-0⅛	7.96
P.H.P. [illegible] 88 Fl	50	99⅜	99⅞	+0⅛	+0⅛	[illegible]
Swed Exp Cred 7¾ 88 FL	100	94⅝	95⅛	0	-0⅛	9.15
O.K.B. 14 88 FF	400	100⅝	101⅛	-0⅛	+0⅛	13.25
Solvay & Cie 14⅜ 88 FF	200	101⅝	102⅛	0	+0⅛	13.88
B.F.C.E. 11½ 88 £	50	96⅜	97⅜	-0¼	+0⅛	12.28
British Oxyg 11¾ 91 £	50	100⅛	100⅝	0	+0⅜	11.62
CEPME 11¼ 95 £	35	98⅛	98⅝	-0⅛	+0½	11.41
E.E.C. 11⅞ 91 £	50	100⅛	100⅝	-0⅜	0	11.76
Fin For Ind 10½ 90 £	30	95⅛	95⅝	+0⅜	0	11.47
Fin For Ind 12¼ 88 £	30	103	103½	-0⅛	-0⅛	11.33
Fin [illegible] 12¾ 92 £	30	101½	102¼	0	+0⅜	12.24
Gen Elec Co 12½ 89 £	50	102½	103¼	+0⅛	-0½	11.85
Mort Bk Fin 11¾ 89 £	15	95⅝	96⅛	0	-0⅛	12.80
Norsk Hydro 12 90 £	30	101⅝	102⅜	+0⅛	+0½	11.61
Quebec 14½ 89 £	30	108⅛	108⅝	+0⅛	+0⅜	12.27
S.N.C.F. 11½ 89 £	30	96½	97¼	+0⅛	+0⅛	12.23
Sweden 11¼ 93 £	50	93¾	94¼	0	+0⅛	12.37
Swed Exp Cred 11⅛ 88 £	30	96⅝	97⅛	0	+0⅛	[illegible]
World Bank 11⅛ 88 £	100	97⅛	98	0	+0⅜	11.70
World Bank 11⅜ 91 £	75	99⅛	99⅝	-0⅛	+0⅜	11.48
Euratom 11 93 LuxFr	500	104⅞	105⅜	-0⅛	0	10.19
Europarat 10¾ 93 LuxFr	600	102⅛	103⅛	-0⅜	0	10.28

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
B.F.C.E. 5¼ 87	0⅛	99⅜	99⅝	27/1	10⅝	10.03
B.F.C.E. 5¼ 88	0¼	99¼	99½	28/1	10.18	10.25
Caisse Nat Tele 5¼ 90	0¼	98⅜	98⅝	21/10	9.56	9.68
C.C.F. 5¼ 95	0¼	99	99¼	7/10	10.19	10.21
C.C.F. 5⅛ 98	0¼	98⅝	98⅞	24/9	9.94	9.96
Cepme 5¼ 88 WW	0¼	99⅜	99⅞	3/9	10	10.04
Cepme 5¼ 92	0⅛	99⅜	99⅝	10/12	10½	10.56
Chemical NY 5¼ 94 ††	0⅛	100⅜	100⅝	23/9	10.82	10.76
C.N.C.A. 5¼ 95 XW	0¼	98¾	99	7/12	10	10.11
C.N.T. 5¼ 91	0⅜	98⅝	98⅞	6/11	9¼	9.37
Credit Agricole 5¼ 97	0¼	99½	99¾	24/9	10	10.04
Credit Lyonnais 5¼ 94	0¼	99	99¼	5/1	10.31	10.40
Credit Lyonnais 5⅛ 97	0¼	98⅞	99⅛	1/10	10.06	10.18
Credit Nat 5¼ 94	0¼	98⅜	98⅝	4/9	9¼	9.33
E.D.F. 5¼ 95 XW	0¼	99⅝	99⅞	10/2	11⅜	11.40
E.E.C. 5 90	0¼	99½	99¾	5/1	10.19	10.21
Kansallis Osake 5½ 92	0⅜	99⅜	100⅛	8/11	9⅛	9.13
Long Term Cred 5⅛ 92	0⅛	99¾	100	27/11	9⅝	9.70
J.P. Morgan 5¼ 97 S	0¼	100½	100¾	12/11	10.81	10.76
New Zealand 5¼ 87	0⅛	100⅛	100⅜	7/10	10.06	10.04
NZ Steel Dev 5¼ 92	0¼	100	100½	22/12	10¼	10.22
Nippon Credit 5¼ 90	0⅛	100⅜	100⅝	10/2	11¼	11.18
Soc Generale 5¼ 90 XW	0¼	98⅞	99⅛	9/11	9⅛	9.22
Société Générale 5¼ 95	0¼	99¼	99½	1/9	9½	9.56
Sweden 5¼ 89	0¼	99¾	100	26/2	10.13	10.20
Sweden 5¼ 93	0⅛	100¼	100½	3/2	11.19	11.15

Av. price changes: on day 0, on week +⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 98	3/82	470	104¾	106¼	-0⅛	5.06
Canon 7 97	7/82	748.2	231½	233½	+0½	17.54
Daiwa Sec Co 5½ 98	10/83	508	96¾	98	0	2.85
Hitachi Cable 5¼ 96	2/82	515	108⅝	110⅜	+0⅛	6.89
Honda Motor 5¼ 98	6/83	884	95⅛	96⅛	-0½	2.94
Honda Motor 5½ 97	3/82	759.6	109⅜	110⅜	-0½	9.85
Kumagai Gumi 6½ 97	10/82	400	117⅜	119⅜	0	-0.92
Kyowa Hakko 6¼ 97	2/83	782	115⅛	118⅛	+0¼	12.71
Minebea Co Ltd 5½ 98	5/83	667	129½	130½	+0⅜	8.66
Mitsubishi Electric 5¼ 98	6/83	398	108¼	109¾	+0⅛	7.31
Nippon Electric 5⅛ 97	2/82	765.9	106½	107¾	-0⅜	4.45
Nippon Oil Co 5½ 98	4/83	984	101½	102½	+0⅛	11.67
Nissan Motor 5¾ 98	4/83	770	87	88	-0½	-1.94
Olympus Optical 6¾ 97	12/82	1331	102	103½	+0½	11.89
Orient Finance 5¼ 97	3/82	927.2	89⅞	92⅜	-0⅛	10.12
Orient Leasing 5¼ 98	8/83	2680	94½	95½	+0⅜	-1.58
Secom 5 98	11/83	2820	123¾	125¼	+0⅛	4.38
Sumitomo Electric 5½ 97	3/82	577.3	109⅞	111⅜	-0⅛	4.97
Sumitomo Metal 5⅛ 96	10/81	296.1	67⅜	69⅜	+0⅛	35.35
Yamaichi Sec Co 5 98	8/83	472	93	94½	+0⅜	8.29
NEC Corp 3½ 93 SF	6/83	978	150⅝	152⅝	-1½	-2.89
Sanyo Electric 3½ 93 SF	5/83	501	106¾	108¾	0	15.77
Konishiroku 6¾ 88 DM	8/82	616	115	116	0	1.08
Mitsubishi Heavy 6 89 DM	2/82	263	104½	105½	+0½	15.68
Sum Realty 6¼ 92 DM	2/83	305	117¼	118¼	-0⅜	-3.48

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.